Bedford Consulting

Delivering growth

Seven initiatives to strengthen organisational resilience

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What is organisational resilience and why is it important?

Resilience is described as the ability to respond to a crisis, to recover quickly from difficulties. Having strong organisational resilience can help not only to persevere in the face of adversity, but also adapt, rebound and prosper.

The pandemic has forced many organisations to become more efficient, to rethink their product, business and operating models driving them to become more agile - all of which could potentially drive higher productivity growth.

This rapid change has resulted in some decision-making without all the facts. Organisations not having enough time or information to make, often difficult, decisions that may affect both employees and the business itself. Leaders have had to rapidly adapt their business models to survive during extremely uncertain conditions.

A typical crisis unfolds across three phases: **respond**, during which the company deals with the present situation and manages continuity; **recover**, when a company learns and emerges stronger; and **thrive**, where the company prepares for the 'next normal' with robust, and resilient strategies. The challenge lies in being able to nimbly consider all three phases concurrently and allocate resources accordingly.

Organisations are always facing disruption, whether social, economic or geopolitical disruption, but the unrelenting challenges of the last 18 months certainly stress tested the worldwide business community's resilience and uncertainty readiness. However, it's more than just survival. True organisational resilience is about uncovering value and dynamically shifting business focus to address the market.

The pandemic fast-tracked large-scale digital transformation in organisations and taught businesses a great deal about their agility and resilience.

Tactics that resilient organisations take to respond to a crisis

During the respond phase, resilient leaders must take specific tactical steps to address the crisis. Most importantly, speed matters.

Organisations that are able to make early adjustments when faced with a crisis, or even better, have already made strategic, workforce and technology investments in capabilities that enhance resilience, will outperform the competition.

From altering corporate strategy to rapidly reshaping production capabilities, companies that prioritise and invest in building a foundation of organisational resilience can flex to address various contingencies and types of crises with confidence.

Resilient organisations that can bounce back from unexpected challenges typically focus on all of these tactics to some degree, not just one or two of them. These often overlap and support one another.

- **Launch a crisis command centre.** Planning for eventualities both short and long-term will enable the business to pivot effectively. Assess the risks and formulate a response strategy after conducting scenario planning, supported by playbooks and toolkits.
- **Scenario planning and effective forecasting.** Develop proactive scenarios with the financial impacts and plans to avoid reacting to developing situations. Supported by removing silos and increasing collaboration. Consider flexible work options, wellbeing and even protection equipment (depending on the industry).
- **Maintain business continuity.** Resilient leaders must stay vigilantly focused on protecting financial performance during a crisis, making hard, fact-based decisions. Identify the levers that leaders have available such as discretionary spend reduction, hiring freezes or temporary office/plant closures. Operating cash is essential as it buys the business time to pivot.
- **Create a culture of trust.** Lead with empathy, transparency and develop open communication channels. Support your people while they support your strategy. Rapidly assess what work is mission critical and what the focus needs to be.
- **Communicate the vision.** Leaders need to develop a clear narrative, being transparent about the current realities, while painting a picture of future plans and inspiring their people to persevere in the meanwhile. Proactive frequent communication with a consistent and clear message is critical.

Planning for eventualities both short and long-term will enable a business to pivot effectively and emerge stronger from disruption.

Seven initiatives for resilient organisations entering recovery and thrive phase

The necessity of operating differently gives businesses the opportunity to understand what they can do, especially as they start to emerge from the respond phase and move into recovery and thrive.

Moving forward, organisations have to increase the speed of decision-making, while improving productivity, using technology and data in new ways, and accelerating the scope and scale of innovation.

- **Uncover value.** In order to stabilise the company, the organisation should rapidly reallocate funds and people towards projects or programmes to drive profit. Discontinue obsolete products or service offerings. Define the transformation journey towards growth either through customer focus, product innovation or market/revenue growth.

- **Inspire and empower the business.** Leaders should empower employees to take on more responsibility for execution, action and collaboration. Develop a culture with an approach to 'fail fast' in order to drive agility and speed. Address concerns early for faster decision-making.

- **Speed up decision-making.** Empower employees to approve decisions within agreed parameters. Be clear on who that is and when they have the authority to approve a decision. That means tolerating mistakes that don't put the business at risk. Organisations who want to move faster must put trust in employees and motivate them to be willing to act.

- **Stay engaged with customers.** Organisations that genuinely address customer needs can strengthen relationships. Review and adapt the customer communication strategy to be more reachable. Innovate the product portfolio to address urgent needs.

- **Workforce adaptability.** Organise your teams around a flexible way of working. Focus on diversity, equity and inclusion to strengthen communities. Focus on outcomes rather than activity to accelerate pace. Turn employees into culture creators, rewarding good ideas.

- **Develop emotional intelligence.** In addition to making the difficult decisions, leaders need to express empathy and compassion for the human side of upheaval. Encourage people to adopt a calm and methodical approach to whatever happens next.

- **Leverage technology and accelerate digital transformation.** From enabling remote working and driving better collaboration to supporting clients' changing requirements. Simplify processes and eliminate unnecessary tasks, determine the fastest ways of getting work done.

And at the heart of each of these tactics is speed - getting things done fast, and well. Organisations who remove boundaries, break down silos, streamline decision-making and processes, empower frontline leaders, and suspend slow-moving hierarchies and bureaucracies will see powerful outcomes. These outcomes are possible, but not inevitable.

Driving organisational change is deliberate, it does not occur organically. It requires desire, effort, investment and action to be cultivated and maintained by leaders.

Company successes forged during the crisis need to be hardwired into the new operating model; and leaders must ensure their organisations do not revert to old behaviours and processes. That requires making permanent structural changes that can sustain speed in ways that will inspire and engage employees.

The building blocks for resilient organisations

The new normal: hybrid working

As organisations explore what the new normal will look like, including the modern workplace, the challenge is not just around productivity but maintaining company culture, team cohesion and open collaboration.

For organisations striving to have an innovative, collaborative and flexible culture, having employees in and out of the office will be more of a challenge. Additionally, the office is also seen as a social hub, where organic conversations happen.

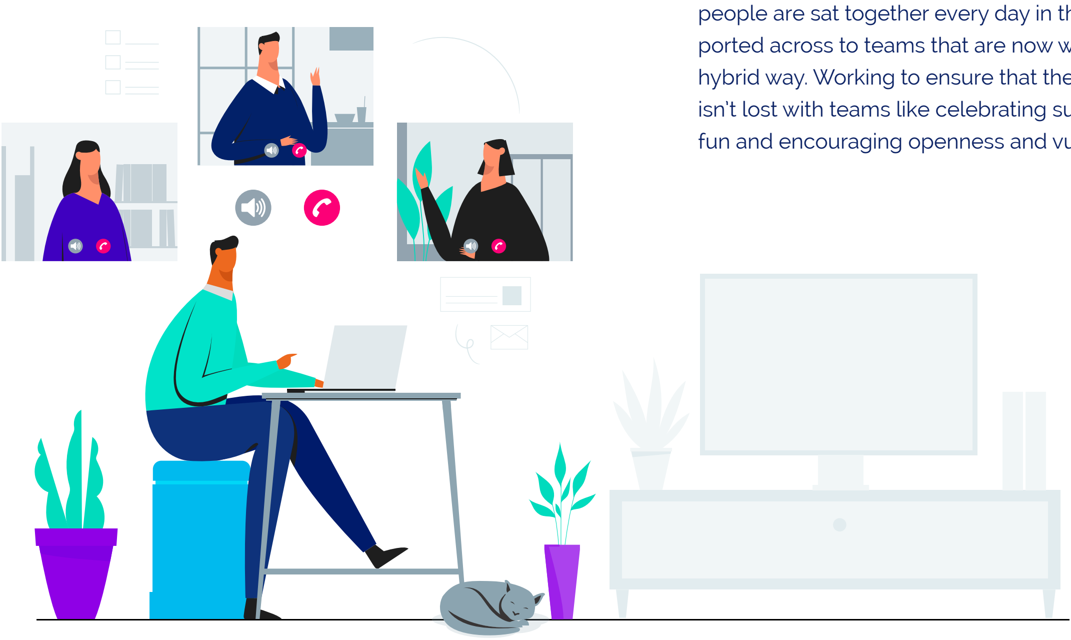
Organisations are keen to take advantage of the productivity gains seen during lockdown periods, whilst employees are seeking a better work-life balance, where possible. Flexibility will be key to re-imagining work and keeping employees onboard, while changing the working environment and supporting a shift towards agility.

To achieve these gains, employers need to ensure that the basics are in place to digitally enable remote working and collaboration, while taking care to create working norms that foster social cohesion.

To enable long term hybrid models organisations will need to:

- **Reimagine how the office space is used, and what technology is required.** Also, understanding when on-site work is better compared with remote interaction or independent work. It's worth surveying employees to understand their needs and requirements such as breakout areas where they can meet and talk informally.
- **Adopt new ways of working that help build a strong culture, cohesion, and trust even when many employees are working remotely.** With that being said, organisations will need to consider bringing colleagues together in person at least a couple of times per year to facilitate more connectivity and deepen relationships.
- **Technology will be required to allow greater remote collaboration, supported by planned, organised and unbiased processes.** Many current IT systems were largely designed for a predominantly office-bound workforce. Permanent hybrid working models will require organisations to re-evaluate their technology stack. Tools that better incorporate and leverage digital technologies, automation and AI.

But no matter the structure or working arrangements, the key focus remains speed, agility and working collaboratively. Ensuring a sense of comradery, unity and psychological safety that comes naturally when people are sat together every day in the same location is ported across to teams that are now working in a more hybrid way. Working to ensure that the 'human element' isn't lost with teams like celebrating success, welcoming fun and encouraging openness and vulnerability.



Data driven business: why analytics needs to be at the heart of your business

Moving forward organisations will need to consider new sources of growth, which sectors or segments will drive demand, supply chain exposure or the best ways to serve a more digitally engaged customer base. All of these aspects require data and the know-how to use it effectively. Yesterday's data architecture cannot meet today's need for speed, flexibility and innovation.

Organisations will need to use technology and data in new ways and accelerate the scope and scale of innovation. Decision-makers no longer have to rely on gut instinct to support their plans, they are able to draw on extensive and precise information. New external sources of data, pulled into systems, supported by machine learning and AI are at the heart of transformation.

Organisations should systematise processes that empower the front lines to make connections with customers. Investments in digital and advanced analytics that help uncover and track new customer and market insights will help remove some of the risk inherent in shifting decisions down in the organisation. Leveraging analytics platforms that can develop multiple scenarios or incorporate the latest customer insights into suggestions or actions can further reduce time to market.

But with most organisations in resiliency mode, they need to consider how to ramp up data efforts while managing costs.

- **Consider a shift from on-premise to cloud-based platforms:** cloud is probably the most disruptive driver of a radically new data-architecture approach, as it offers companies a way to rapidly scale AI tools and capabilities for competitive advantage.
- **Switch to real-time data processing:** these technologies enable rule based or advanced analytics to extract events or signals from the data. Or even integrate historic data to compare patterns, which is especially vital in recommendation or prediction engines.
- **Exposing data via APIs:** ensures that direct access to view and modify data is limited and secure, while offering faster, up-to-date access to common data sets. This allows data to be easily reused amongst teams, accelerating access and enabling seamless collaboration within analytics teams so AI use cases can be developed more efficiently.

By placing bets on multiple ventures, organisations are able to quickly learn what can work at scale.

Creating value with external data

Few organisations take full advantage of data generated outside of their domain. A well-structured plan for using external data can provide a real competitive edge. Data such as weather, search trends data, consumer panels, patent filings or online reviews are just a few examples. Overlooking such external data is a missed opportunity.

Whilst many have made great strides in collecting and utilising data from their own activities only few have leveraged the full potential of linking internal data with data provided by third parties, vendors, or public data sources. Organisations that keep up to date with the expanding external-data ecosystem and successfully integrate a broad spectrum of external data into their operations can outperform other companies by unlocking improvements in growth, productivity and risk management.

Company leaders, or data and analytics officers and teams should learn how to rigorously evaluate and test external data before using and operationalising the data at scale.

Steps to getting started with external data

Use of external data has the potential to be game changing across a variety of business functions and sectors. The journey toward successfully using external data has three key steps.

- **Establish a dedicated team for external-data sourcing:** to get started, organisations should establish a dedicated data-sourcing team. Throughout the process of finding and using external data, companies must keep in mind privacy concerns and consumer scrutiny, making data-review roles essential for peripheral team members. The vetting process should ensure that all data is collected with appropriate permissions and will be used in a way that abides by GDPR and other privacy laws.
- **Develop relationships with data marketplaces and aggregators:** use data marketplace and aggregation platforms that specialise in building relationships with hundreds of data sources, often in specific data domains. Since these external-data distributors have already profiled many data sources, they can be valuable thought partners and can often save an external-data team significant time.
- **Prepare the data architecture for new external-data streams:** generating a positive return on investment from external data calls for up-front planning, a flexible data architecture and ongoing quality-assurance testing. The final process in this step is ensuring an appropriate and consistent level of quality by constantly monitoring the data used. This involves examining data regularly against the established quality framework to identify whether the source data has changed.

How not to be a resilient organisation

Legacy software and why it hangs around.

Common reasons for an organisation to maintain a legacy system often include:

- **They still fulfil a business need or are mission-critical systems.** Organisations often customise systems to their own requirements and then lack the technical specifications to create a new system with the same features as the legacy system.
- **It is an old technology investment that hasn't been recovered yet.** As IT systems are expensive, organisations need to use them for a certain period of time in order to make a profit on such investment.
- **Replacing a legacy system involves investing a quantity of resources** - money, time and staff - which companies can't always afford to spare. Or the company lacks the IT skills to migrate the legacy system.

However, when legacy technology is a barrier to digital transformation, it's time to consider migration options. External organisations can often help with the migration, implementation or even training.

If you're still using spreadsheets for scenario planning and forecasting. Don't.

Spreadsheets remain in use within most organisations and it's easy to understand why. They are virtually cost free; a flexible ad-hoc reporting tool and most people have a basic understanding of how to use them. The temptation is high to 'throw together' a quick spreadsheet in order to solve an immediate problem, rather than going through proper processes.

However, there is a distinct line between an ad hoc reporting tool and a scalable performance management solution, which truly underpins a company's decision-making. There comes a point when spreadsheets can no longer support the business requirements.

Financial modelling by its nature requires flexibility in being able to extract, manipulate and visualise assorted data in a variety of ways. In order to make sure that everyone is on the same page so that errors of interpretation do not occur, leaders should embrace technology and data, reinvent core processes and adopt new collaboration tools. Leveraging technology to make faster, more informed business decisions, with remote working employees all collaborating from a single data source is an investment well made.

Risks of using spreadsheets

- **Spreadsheet errors:** it's often a much-varied statistic but studies have estimated that 88% of all spreadsheets have errors in them, while 50% of spreadsheets used by large organisations have material defects.
- **It's time consuming:** error prone tasks to create a centralised single version of the truth that combines data management, planning, budgeting, forecasting, consolidation, reporting and analysis is very time-consuming. Often the data is obsolete by the time it reaches the decision maker's desk.
- **Two-dimensional analysis:** even in smaller organisations, financial and business data is simply too complex to be effectively stored, managed and utilised in two-dimensional, row-column relationships. Much time is wasted ensuring the once perfect template remains perfect across 500+ worksheets.
- **Version control issues with changing business conditions:** with multiple spreadsheets flying back and forth through cyberspace, who can truly know if everyone is working on the same version.
- **Risk and security:** locked cells and password-protected sheets are inadequate and weak. Spreadsheets can easily go missing or be compromised.
- **No data aggregation or automated workflows:** it's almost impossible to streamline consolidation from multiple users and different spreadsheets to create a single version of the truth, a single logon, a single platform and an audit trail of who, when and why.

Spreadsheets, however tempting, are a hidden productivity killer. IT expenses appear to be lower, when in reality, the cost to the business is much higher because processes are being performed poorly with spreadsheets. Eliminating manual processes, such as spreadsheet-based forecasting seems an obvious area to consider when looking for productivity gains.

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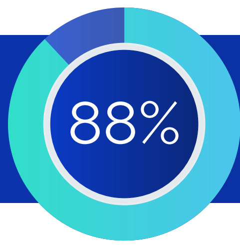

Triggers to help you determine when to upgrade legacy systems

Today's consumers expect a strong digital experience, and complex legacy technology is a significant barrier to being able to deliver that. We have reached the tipping point when modernisation is essential.

Here are a few things to consider when developing the business case to support the digital transformation.

- **The need for speed** - the pandemic has highlighted the need for speed and agility. The days of quarterly releases and 18 to 24 month projects are gone, organisations are now looking for iterative processes. Speed is a true competitive differentiator.
- **Customers expect a seamless digital experience** - and they're getting it from digital-native firms that can iterate continuously as they monitor customer interactions and react to the feedback. Legacy environments rarely can adopt this type of iterative customer engagement. Your new ROI model should address the impact a legacy system upgrade will have on customer experience.
- **New markets and ecosystems** - in order to innovate, organisations are embracing opportunities to enter new markets, engage and delight customers, and rethink business models through digital platforms and tech-enabled ecosystems. This is difficult to do – perhaps impossible when your IP is trapped in bespoke legacy systems.
- **Full potential** - legacy solutions lack flexibility, integration capability, and carry a significant technology debt due to dated languages, databases (and) architectures. This prevents many organisations from advancing and supporting analytics, real-time transactions, and a digital experience.
- **Talent issues pose a risk** - it's increasingly difficult to find people to operate and support legacy technologies. As people retire or move on in their roles, organisations will need to consider how older technology is maintained and supported.
- **Everything new is built in the cloud** - with many organisations shifting to a hybrid workforce, on-premise solutions will need to be shifted to the cloud.
- **Security risk** - while the security of cloud solutions still requires care, it is clear that older technologies are more difficult to control, monitor and secure as security paradigms and solutions evolve.
- **Data management and privacy** – it's difficult to comply with the latest best practices and controls when data is stored in multiple legacy systems, replicated in a myriad of warehouses and data stores.
- **Old systems require increasing investment to maintain** - and this expenditure grows as technology ages and becomes more susceptible to risk, hacking and security issues. For some organisations it's as high as 70 or 80% of their IT budget. When it crosses a particular threshold, it's time to evaluate options.

However, the biggest consideration is the lost agility and efficiency. Legacy systems can hold back innovation, resulting in significant losses. Outdated software is less efficient, which has a negative impact on employee productivity.

When considering market opportunities, or responding to a crisis, timing is critical. Whilst moving from legacy IT to agile, digitally enabled IT can seem complex and challenging, it is necessary to meet modern IT demands. Ensuring that there is a plan in place, including team training will help mitigate some of the risks.

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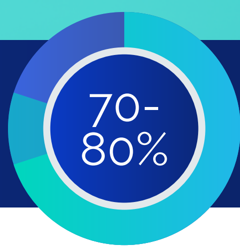
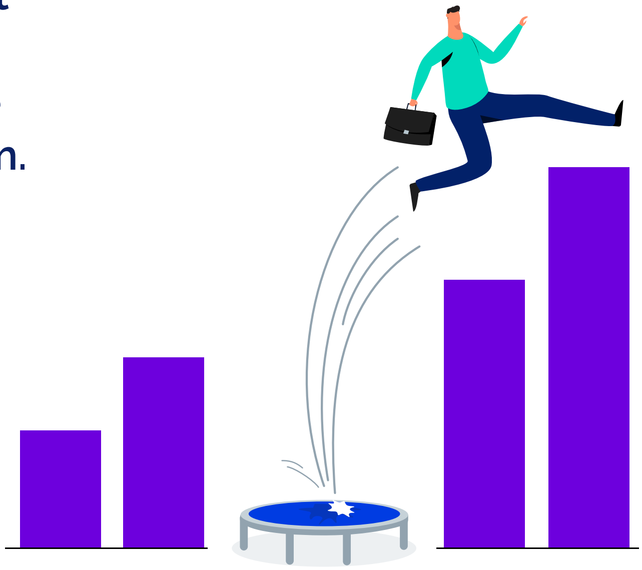


Conclusion

As we emerge from the pandemic, organisations will find themselves at different stages of the crisis, some trying to make it to next week, while others are already looking long-term.



An organisation designed for speed and agility, supported by an effective IT infrastructure, will see powerful outcomes, including greater customer responsiveness, enhanced capabilities, and better performance, in terms of cost efficiency, revenues, and return on capital.

Organisations should foster a new, dynamic environment that moves with a clear focus on mission and heightened team focus, that connects the contributions and wellbeing of workers with the organisation's higher purpose. They should find ways to capture the energy and rhythm of recovery, regularly review progress and instil it at all levels.

A crisis can be a powerful catalyst for positive change.

Juggling three major external challenges in a year and coming out strong

Recently, Matthew Shoard, Financial Controller at Casella Family Brands joined us for a webinar to discuss the recent macro events that affected the business plans. Here's what he had to say:

As the name suggests we're a family-owned winemaker from Australia, we've got several brands including Peter Lehmann and [yellowtail].

We use Anaplan for three main use cases, sales forecasting to establish demand for our product, supply planning, which is matching supply to that demand and then long-term financial forecasting.

So, what's happened in the last few months? How have you reacted and coped with some of the challenges?

I guess what hasn't happened is maybe the better question! We've essentially had to overcome three big external challenges, one after the other namely Brexit, the pandemic and more recently the Suez Canal blockage.

As an Australian wine supplier, our lead times are long, compared with most businesses e.g. it's about 16 weeks from the point at which we order the wine, get it shipped to the UK bottled and undertake quality control before we can get it in the hands of our customers.

Short-term pivoting is quite difficult for our business, so we've had to find intelligent ways around the three challenges.

BREXIT

We all knew it was coming but we weren't clear on what the rules of the game were or what the trading environment was going to be. That's especially true in the complex world of importing and exporting something like wine. A product that is subject to tariffs, excise duties, regulations and a lot of accompanying paperwork.

Our plan was to build three to four months of stock with our European customers and distributors to ensure that we had sufficient buffer stock to cope with any issues that would occur, ahead of the end of the Brexit transition period in December 2020.

However, building a substantial level of stock has implications for working capital, cash, and cash flow. Anaplan effectively helped us calculate what that additional working capital requirement would be.

COVID-19

As we saw it coming closer and closer to the UK, we had some time to take evasive action, especially as our lead times don't allow for big swings in demand.

The hospitality trade, over the last 12 months has dropped back to virtually zero or been substantially restrained by COVID rules, however, we saw a big increase in at-home wine consumption. During the period of supermarket panic buying, we used Anaplan to help us walk the tightrope between maximising sales but not going out of stock. We used our forecasting model to accurately calculate and manage our stock levels at any given time.

We typically carry eight weeks of buffer stock, below that, we'd run a risk as a delay with a vessel or in a production facility we'd be out of stock. During the panic buying period, we took the decision to go down to three or four weeks of stock to accommodate the additional demand as well as limited promotional offers.

Because of our trust in the numbers, we were able to resist the temptation to oversupply and keep pace with demand.

Of course, in the background, we were increasing the levels of dispatches from Australia, so we had a period of 12 to 14 weeks of having to manage that tightrope, but then we're able to catch up.

The Suez Canal blockage

This was more like disaster recovery.

[yellowtail] is the number three wine in the UK. All our wine comes from Australia to the UK via the Suez Canal. We had one ship stuck in the canal and three or four more en-route from Australia.

There was real uncertainty, as news reports said that it could be stuck for weeks. What complicated matters further, was that our containers were on ships not managed by us, so we had no control to suggest a different route.

We typically plan our supply based on the vessel arrival, but that was the information that was up in the air.

We did various scenario plans, with different 'what if' options. In practice, we created a copy of our existing model, but did various options with two, four or even six-week delays, to understand the impact on our existing stock levels. At what point would we run out of stock or need to pull in-store promotions?

Given the complexity of the work, at a product level, we never would've been able to do it on a spreadsheet. As a result, we were able to establish different options for each delay scenario.

Combining the work on Anaplan, our cross functional teams were able to create action plans and communicate all options with our customers.

In the end, there was still a four-week production delay. However, we were able to maintain supply throughout. Importantly, our customers gave us great feedback on how proactive we were and the speed of our action recovery plan. We were the first supplier to come back with detailed plans.

The recent business disruptions have proved our ability to plan. Instead of spending 90% of our time crunching the numbers and 10 % running around in a panic, deciding what to do. We could spend 90% of our time action planning and communicating.

You need to give yourself the space to plan, and that's what Anaplan does.

To watch the on-demand version of this webinar please click here

About Bedford Consulting

We're a company that empowers organisations to plan in a truly collaborative way, reducing time spent on data collation and preparation and enabling faster, connected decisions across the organisation.

Founded in 2008, we are a Gold Anaplan Partner and have been awarded Anaplan Partner of the year for EMEA for the past six consecutive years. Anaplan is a global cloud-based planning software company.

We specialise in project implementation, software sales, health assessments, user clinics and training. We also offer a first-class care programme.

With more than 50 experts across EMEA, we have delivered over 400 successful projects for 200+ customers, we have been at the forefront of connected planning technology since our inception.

As one of the first Anaplan partners in EMEA, we have been involved in implementations across all industries and areas of the business in some of the world's largest companies.

Learn more about the Bedford story and our focus on people, customers, and our offerings at **bedfordconsulting.com**
Our offices are in London, Dusseldorf and Stockholm.

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