

The Role of Effective Resilience

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Marsh Advisory

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**By failing to
prepare, you
are preparing
to fail.**

Benjamin Franklin



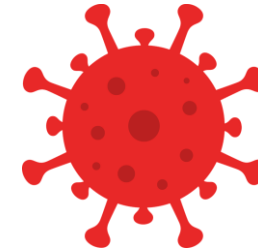
Agenda

1. Interesting Times
2. Focus on Your People
3. Building Resiliency Into The Organization
4. Organizational Maturity
5. Systems & Sustainability

May you always
live in
interesting
times.

"Better to be a dog in times of tranquility
than a human in times of chaos."

What a Couple of Years!



Boomerang or Frisbee?

1. Telemedicine
2. Mask wearing
3. Plexiglas dividers
4. Hand sanitizer stations
5. Zoom/Teams/WebEx instead of travel
6. Temperature scans
7. Touchless doors
8. Work from home
9. Contactless food delivery
10. Business cleanliness standards



Boomerangs come back



Frisbees advance us

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**Take care of
your
employees and
they'll take
care of your
business.**

Richard Branson



Mental Health Shifts



45%

Of Americans say COVID-19 is **impacting their mental health**³

500M

Lost workdays in the US each year due to **alcohol use disorders** among employees⁵

3x

More absences for employees misusing opioids compared to the general workforce⁶⁻⁷

36%

Decrease in members accessing mental health services this year compared to March-May in 2019⁴

+32%

Increase in US alcohol sales in the week ending May 2nd compared to the same week one year ago³⁻⁶

40 States

Have reported **increases in opioid-related mortality** since the emergence of the COVID-19 pandemic in the U.S.⁸

1 in 5 US ADULTS EXPERIENCE MENTAL HEALTH CONDITION EACH YEAR, BUT 56% DO NOT RECEIVE TREATMENT².

1-NAMI – behavioral health by the numbers | 2-The State of Mental Health in America | 3- Kaiser Family Foundation | 4- Mercer Focus – Population Data | 5 - American Psychiatric Association Foundation – Center for Workplace Mental Health | 6-Neilson | 7- The Cost of Substance Use to Employers, an analysis of 2012-2014 SAMHSA data compiled by NORC, the non-partisan and objective research organization NORC at the University of Chicago | 8 - American Medical Association

Leadership & Governance

Visible & Felt Leadership

Set the Tone at the Top

Governance

Monitoring Improvement



Caring & Communication

Values based

Lined to your firm's mission

Beyond the employee

How employees want to hear it

"Do this, not that"

Be ready to meet a wide variety of needs, e.g., cash, water, food housing, childcare, mental health



Measurement & Verification



Measure effectiveness

Verify compliance

Utilize as a KPI

Share results

Focus on behaviors

Managing Risk & Exposure

- Do what you've already been doing
- Take a stand
- Extend beyond the employee
- Think of the journey employees make to and from work; how will employees be impacted
- Consider Journey Management



Case Study

How a national bakery responded to COVID-19

A large baking company with 20,000 associates working across all 50 states needed to respond to COVID. The company has long been an important part of America's food supply chain. This was made even clearer in the early days of the pandemic when panic buying emptied the bread aisle. The majority of associates needed to show up at company worksites every day to bake and deliver bread.

The firm quickly initiated a governance process and organized all responses around one principle; "Feeding America while keeping associates safe." The company's president held an enterprise-wide town hall call with associates to confirm the singular mission and sole purpose of the company as it started to navigate through the pandemic. They communicated with leaders by email and Zoom and follow up with talking points that can be owned and delivered locally. The COVID-19 Response Team and business leaders started regular recordings of short, informal, authentic video messages to associates and distributing them by email, Yammer and communication boards.

Family members are an important constituent as well. The 20,000 people coming into work every day are leaving their homes when everyone around them is in lockdown. The company believes it is important to let family members know what they are doing to protect their loved ones – and to acknowledge how valuable their contribution is. The team is engaging on social media more than ever to thank associates for delivering on the company's mission every day. They also send letters home to communicate directly with families to describe the safety protocols that are in place and to thank families for supporting their loved ones as they continue to feed America.

Creativity is one of the best pandemic practices we've seen from employers. As you get ready to return to work, be intentional in your planning. Walk through all of your workflows. The discovery process can be significant and impactful. Really understand where employees come together or congregate – entrances, elevators, break rooms, restrooms, around shared equipment, etc. Consider how your customers and employees will flow through your facilities to perform their work and then get creative to determine how you'll need to make modifications. A team of leaders can set expectations, but the best way to develop an effective process is to engage the teams who have to execute the directives. That way, the processes that emerge will have buy-in and be more effective.

Source: <https://www.mercer.us/our-thinking/healthcare/how-bimbo-is-feeding-america-keeping-employees-safe.html>



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Be Ready: Crises May Come in a Variety of Shapes and Sizes

Response
Is
Critical



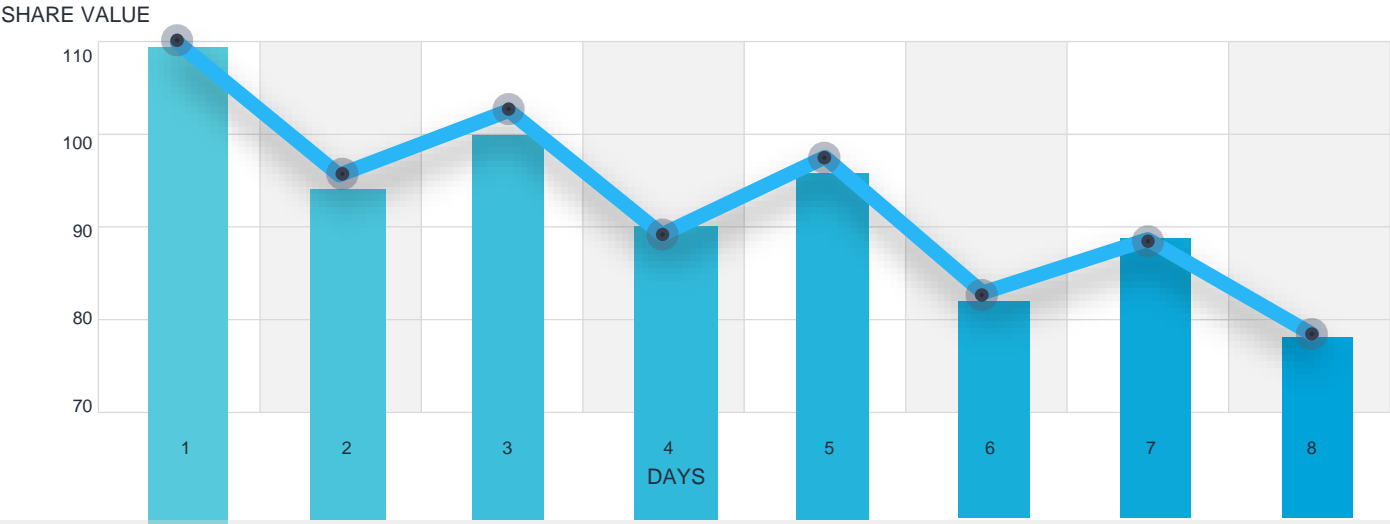
A crisis is a defining moment for any organization.

Expectations around response are high – regardless of your size or industry.

It Matters to Earnings and Capital

“Whether an organization survives a crisis with its financial condition, operations, and reputation intact is determined less by the severity of the event than by the timeliness and effectiveness of the response.”

Source: Helio Fred Garcia (Logos Institute), "Effective leadership response to crisis," *Strategy and Leadership* (2006) Vol. 34 No. 1.



“Of the companies that faced a crisis, on average more than three-quarters experienced a 20-30% drop in their stock price as a result of the way the incident was managed.”

— Oxford Metrica

Challenges Managing any Crisis

Crisis, by definition, isn't business as usual.

Planning can reduce “chaos” during a response to a crisis situation.



How bad can it get?

INITIAL ASSESSMENT

“This scenario is unlikely... the 20” of rain is expected to fall over a period of days, giving rainfall time to drain.”

“We do not need to upgrade our technology security to match our aggressive growth strategy and data gathering.”

“I don't feel my job is on the line.”

7:15 - Double homicide “contained.”
9:45 - Police respond to shooting.

REALITY

Oil industry executive the day before Hurricane Harvey hit.

Tech company failed to address weaknesses in security systems before a massive hack exposed vital consumer data.

Oil & Gas CEO after oil rig disaster. Later asked to step down as CEO.

Virginia Tech shooting.

LESSONS LEARNED

Understand the scope of the problem.

Be situationally aware.

A poor assessment leads to inadequate response.

Assess based on facts and where the event might go.

It is better to be ahead than to play catch up!

Avoiding Silos

The goal for
an
organization
to stay dry
during a crisis
storm.



Resilience Objectives

Resilience
Program
Goal =
**Minimize
Impacts**



Safeguard people



Minimize
environmental,
community, or
other stakeholder
impacts



Protect brand and
reputation



Protect assets
(physical /
tangible,
intangible /
intellectual)

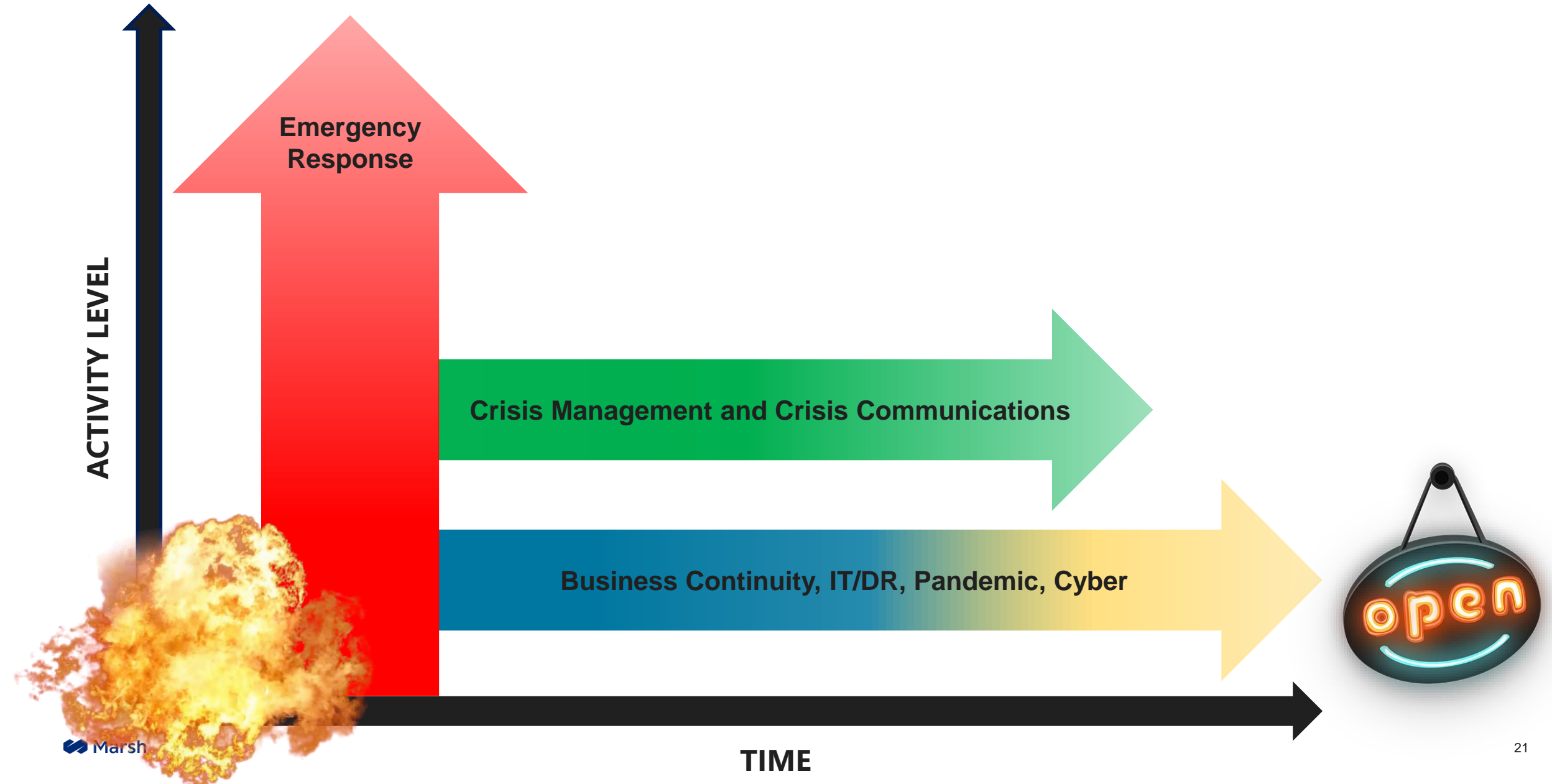


Address
increasing
emphasis on
standards,
regulatory bodies,
etc.



Protect operations
and company
objectives

Response and Recovery Timeline





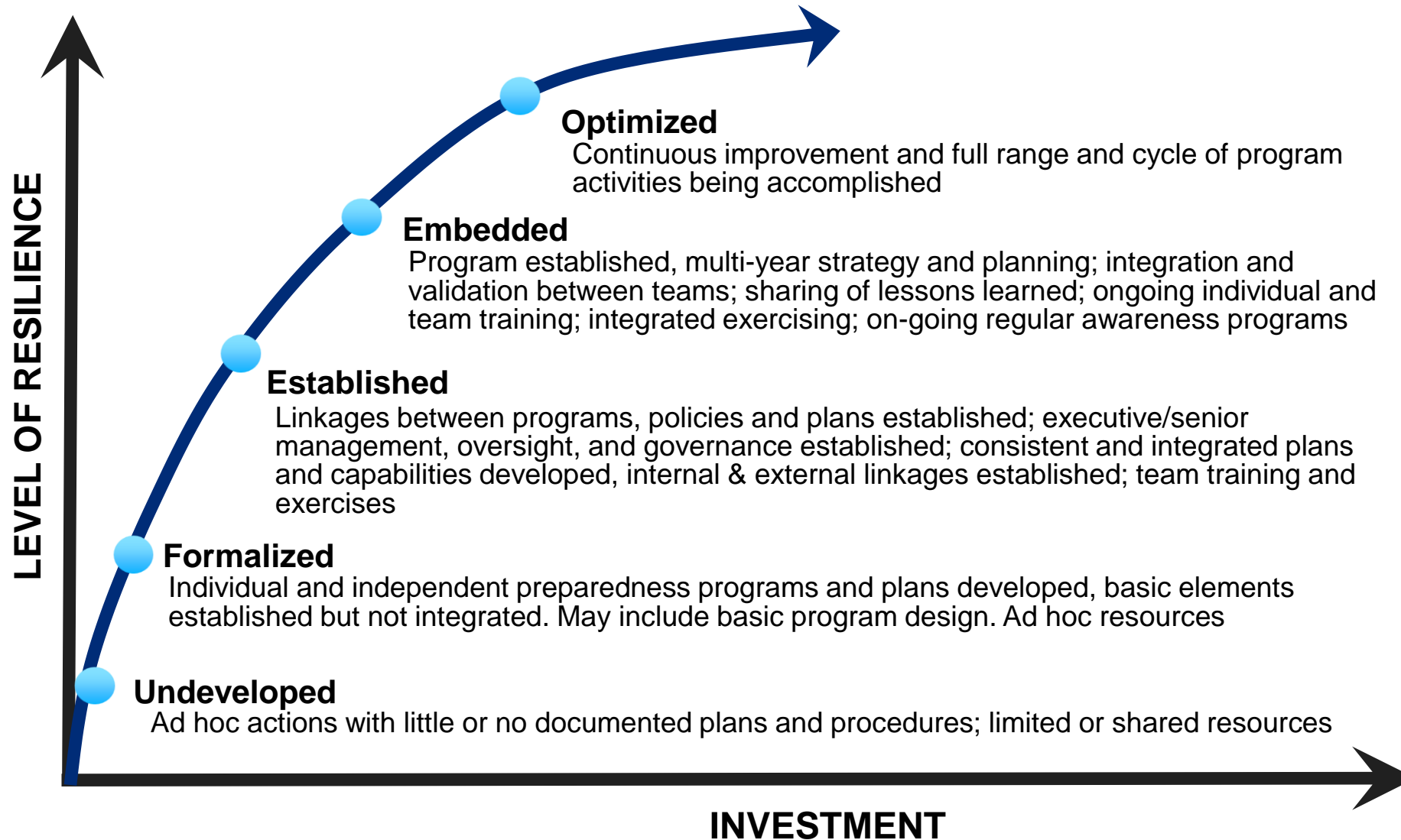
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**There's no
harm in hoping
for the best as
long as you are
prepared for
the worst.**

Stephen King

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Program Maturity Model – Where are you?



How do you get there?

Assemble and Formalize

PHASE 1

- Project plan and timeline
- Project team
- Overall response/governance structure and policy guidance documents

Review, Update, and Develop

PHASE 2

- Current plans to include and align with overall response and governance structure
- Outstanding plans
- Plan update schedule

Training and Exercising

PHASE 3

- Training/exercise program
- Team training each component
- Employee awareness sessions
- Team exercises for all levels and components

Integration

PHASE 4

- Joint exercises
- Potential planning and coordination gaps, areas of improvement identification
- Action plan and process to implement solutions

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Sustainability

Someone must care about it



Is it...

Owned

Measured

Reviewed

Tested

Improved

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It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you will do things differently.

Warren Buffet



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