The Blueprint for the Resilient Virtual Organization

Spurred by the needs for security, protection and recovery, enterprises are taking on the new challenge of deliberately designing resilience into their management of people, places, infrastructure and work processes.

The 21st-century enterprise is starting to take shape. The enterprise will be agile, it will be virtual, it will be resilient. Being agile, the enterprise will pursue business and market opportunities with grace, speed and nimbleness. Being virtual, it will have people working seamlessly across time zones, distances, organizations and business boundaries. Being resilient, it will rebound and adjust easily after misfortune, shock or massive change.

Is the notion of business resilience new? No. What is new is the concept of deliberately designing resilience into organizations — that is, of injecting resilience, security, safety and protection into dispersed and far-flung organizations so that they can bounce back from any kind of setback, whether a natural disaster, a hostile economic change, a competitive onslaught, cyber-espionage or a terrorist attack. Business resilience gained new urgency in September 2001, when a downward-spiraling world economy and the debilitating aftereffects of Sept. 11's terrorist attacks severely set back global business, industries and consumer confidence. Chairmen and CEOs were shaken: Could disaster strike their businesses? Would they recover from a massive shock? How should they safeguard their systems, their assets, their people, their sites? How resilient are they? How resilient do they need to be?

Introducing the Resilient Virtual Organization

Business resilience emerges through business, corporate and IT leaders deliberately working together across geographical, functional, business and decision-making boundaries to build an organization that rebounds, adjusts quickly and resumes operations. Getting to that level of coordination, however, is a challenge, one that cannot be avoided. In this special report, Gartner tackles the issue of business resilience head-on by introducing a blueprint for what we call the resilient virtual organization (RVO). The RVO — representing the intersection of resilience and virtual operations — is a business and organizational model that *intentionally* designs resilience into its business operations, security mechanisms, people selection, workplace development, communications networks, architecture, security measures, learning, collaboration, site selection, vendor evaluation and trading partner relationships. What's more, the RVO secures and protects virtually distributed operations, which typically lend agility to an organization while simultaneously introducing new risks and points of vulnerability.

Simply put, the RVO is:

- Characterized by dispersed people, knowledge, systems and workspaces

- Electronically integrated across employees, partners, buyers, suppliers, external sources and communities

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- Deliberately designed to adjust quickly to misfortune, shock or major change

- Operating at full-speed, even in the face of adversity and caution

In developing the blueprint for the RVO, two conclusions emerged:

Business resilience requires risk analysis, investment and a supporting environment. Resilience can be sought in many areas and delivered in many forms. Enterprises must choose what they want to be resilient *against* — for instance, labor market fluctuations, loss of data in portable computers, destruction of buildings and systems, loss of executive leaders — and then aim their investment in resilience at those areas and practices that will yield the greatest value and protection. Determining where and how to invest in resilience involves several questions: How much would a given event cost in terms of business disruption, lost opportunities and loss of people or property? How likely is the event to occur? How much money will the business have to spend to protect itself against the event? Is the investment appropriate? Make no mistake, however. The risk management questions only provide guidelines for investment; they do not generate organizational resilience. Organizational resilience comes from preparation, culture, leadership, learning, trust and quality of people. *Enterprises must choose why, where and when to invest time, money and energy into resilience, then back up those decisions with people, systems and settings that reinforce success.*

Virtual business and virtual work require vigilant attention to resilience. Virtual modes of business, operations and work are taking hold far more quickly than senior executives might admit. Many enterprises become virtual without warning: People receive laptops, and suddenly they begin working from homes, hotels and conferences. Businesses expand into other states or countries, and suddenly hundreds of people are developing, discussing and completing their work through e-mail, telephones, Web sites, collaboration tools and videoconferencing. Businesses strike a deal with buyers and suppliers, and suddenly unauthorized people may peer into crucial data. In distributed business operations and virtual work arrangements — in which the traditional advantages of proximity, face-to-face interaction and clear identification are lacking — resilience becomes a critical requirement. Why? Because in virtual environments, so many potential sources of risk lie outside the control and sight of senior executives. *Designing business resilience into virtual businesses and virtual work is not an optional exercise. It is a business imperative.*

Creating the RVO Blueprint

To introduce the concept of the RVO, we split coverage into three different tracks, each exploring different facets. We urge our clients to look not just at the tracks that fit their natural interests, but also at the other tracks so that they can understand and anticipate the intersection of the RVO's numerous elements. Be sure that the RVO will emerge as a continuous theme in Gartner research during the coming year.

1. Management Principles for the RVO: An organization must be resilient not only in systems, data and work design, but also in its people, management structures, analysis of risk and financial personality. The management track starts with Michael Bell's "The Five Principles of Organizational Resilience" (AV-15-0508), which takes a look at the organizational makeup of the RVO. This overview is buoyed by 10 related pieces that examine the RVO through the lens of multiculturalism, globalization, risk management, opportunity management, people selection, HR programs, leadership, business-to-business trust, finance and workplace design. Business executives, IT executives, HR directors, corporate real estate specialists and financial officers all should take note.

2. Infrastructure Principles for the RVO: Designing resilience into networks, operations, data architecture, wireless communication and data centers means going beyond event-induced disaster recovery. It means designing systems for quick recovery and bounce-back. An infrastructure designed for resilience is the foundation for business continuity and agility. Offering a perspective on the implications of an resilient infrastructure, David Neil opens the infrastructure track of this special report with "Is Your Infrastructure a House of Cards?" (AV-15-1069). Topics covered in this track include data-center location, consolidation vs. dispersion of systems, wireless technologies, the growth of telework service offerings, business continuity planning, flexible data architecture, information backup for mobile workers and a case study of resilience as applied to a data center.

3. E-Work Principles for the RVO: For people to work seamlessly across time, distance and boundaries after shock or disaster, they must have at their fingertips collaboration tools and services that will jump-start productivity and enable them to recover quickly. Launching the discussion on the resilient e-work environment is French Caldwell's "Creating Resiliency With the E-Workplace" (AV-15-1290), which presents compelling cases for virtually distributed work. This overview opens the door to seven well-thought-out pieces on collaboration content tools, e-learning, Web conferencing, legal concerns for mobile workers, e-mail service delivery, virtual team collaboration and the security criteria to use when selecting service providers for the RVO.

The need to design resilience deliberately into organizations has become a business imperative, one brought to the fore by the tremendous potential failure points exposed in the aftermath of Sept. 11. The imperative becomes especially acute because many midsize and large businesses must extend that resilience and recovery into operations stretched across time zones, distance and boundaries.

As we enter 2002, we urge business, IT and corporate leaders to set their sights on the 21st-century enterprise. Start by accepting the challenge: How resilient can you make your enterprise?

Features

"The Five Principles of Organizational Resilience" (AV-15-0508). A presentation of the organizational foundation of the RVO. **By Michael Bell**

"Is Your Infrastructure a House of Cards?" (AV-15-1069). The implications of a resilient infrastructure. **By David Neil**

"Creating Resiliency With the E-Workplace" (AV-15-1290). Compelling cases for virtually distributed work. **By French Caldwell**