Grant Thornton

REPORT ENTERPRISE RESILIENCE

Why resilient organizations grow faster

Resilience helps leaders invest, acquire and innovate

This is the second article in our two-part report on how resilience drives business results. This report focuses on growth; the previous report addressed efficiency and profitability.

Executive summary

Enterprise resilience is a differentiator for growth, Grant Thornton's latest C-suite survey shows. Nearly six in 10 leaders (59%) at high-growth organizations in our survey describe their enterprises as "very" or "world-class" resilient, compared with just 19% at low-growth organizations.

The research challenges a lingering assumption that resilience, risk management and compliance divert resources from growth. Instead, executives at highly resilient organizations report that appropriately focused and disciplined resilience practices improve efficiency, accelerate decision-making and create the confidence to pursue new opportunities, including M&A and AI-enabled innovation.

These organizations are more likely to view resilience as a factor in winning new business and to see emerging technologies as enablers rather than threats. Leaders who underinvest in resilience fail to develop the adaptability needed to respond with authority in a rapidly changing environment.

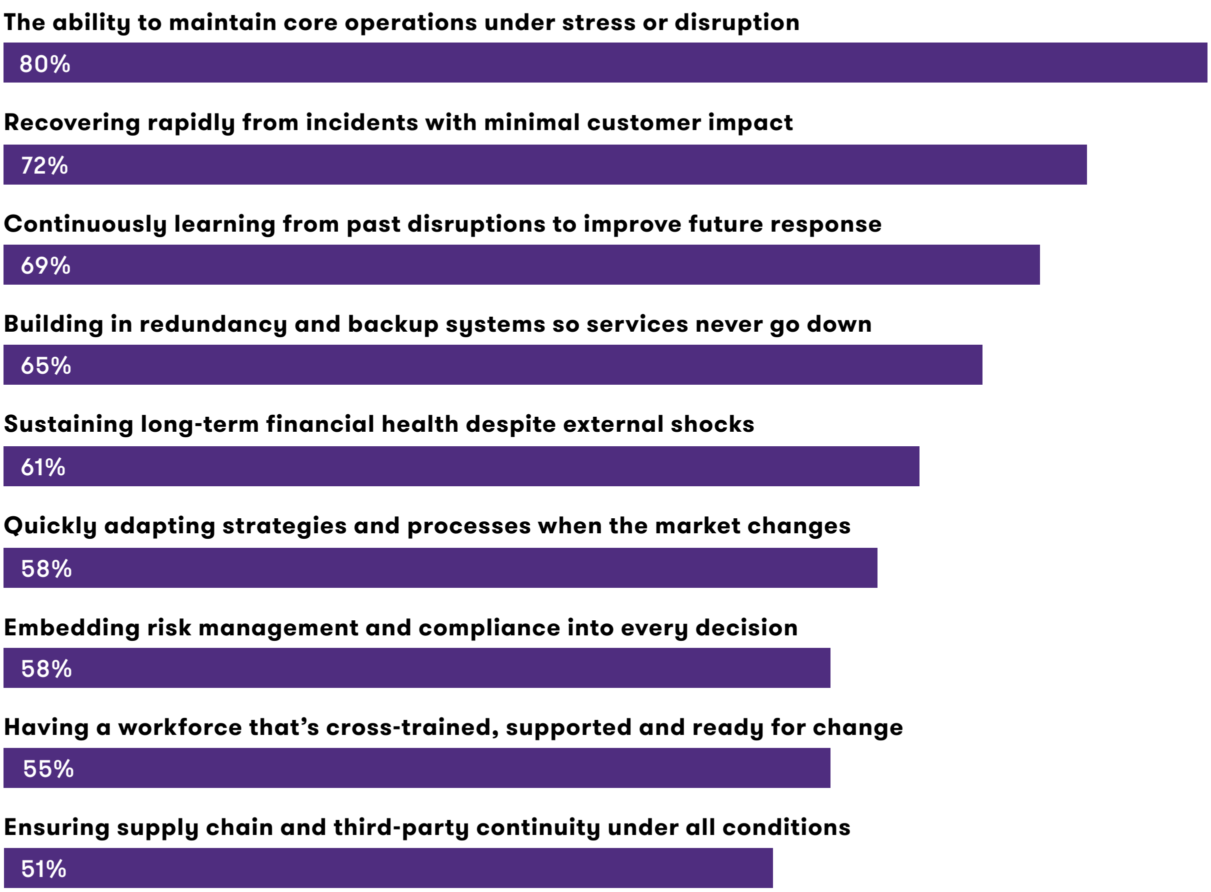
To facilitate a common understanding, our survey asked more than 550 business executives what "enterprise resilience" means to them. They reported a broad understanding of the term, most prominently citing the ability to persevere through disruptions with low impact on operations and customers — and the ability to learn from incidents to improve future responses.

In the survey, executives rated their own organizations' levels of resilience and growth, and the results showed that resilience and growth often go hand in hand.

Executives who build resilience throughout their organizations dramatically improve their chances of achieving their growth objectives, and our survey shows there's little basis for concerns that investing in resilience can stifle innovation.

What does enterprise resilience mean to you?

Q: Which of the following describe what "enterprise resilience" means to your organization?



Introduction

Some leaders treat resilience as insurance. Our Enterprise Resilience Survey shows that it functions more like fuel. In the survey of more than 550 key business executives, 71% of leaders who described their organizations as high-growth said their enterprises' resilience was at least slightly above average, compared with just 27% of their low-growth peers.

The findings dispel the notion that risk management spending robs resources from growth. And it shows that responsible compliance activities don't stifle innovation.
"Proactive planning for scenarios that might curtail your progress creates a foundation for successful growth," said Grant Thornton Strategic Assurance and SOC Services Senior Manager Kevin Leuck.

These findings build on our previous report, which showed how developing enterprise resilience can deliver efficiency improvements and enable organizations to improve production without increasing resources. Taken together, these reports show that investing in resilience can help business leaders achieve key organizational goals while strengthening their competitive position.

"High-growth organizations have management teams that set a strategic direction," said Grant Thornton Strategic Accounts Partner Shawn Stewart.

"They not only assess the risks of adverse events, but also understand the events that could impede their strategic initiatives and build in resilience to ensure success. They understand what they could lose in an earthquake, and they also understand the opportunity cost of not achieving their strategy, which often is far greater than the disruption from the earthquake."

OUR METHODOLOGY

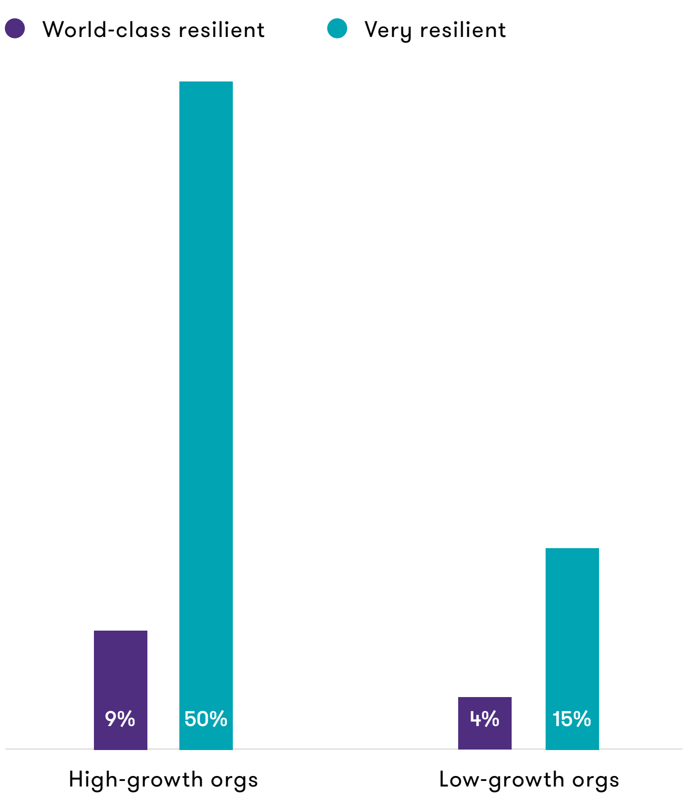
We asked executives to self-identify on a five-point scale:

- The resilience of their enterprise
- Their resilience compared with industry peers
- Their growth performance and efficiency and profitability relative to peers during the past two years.

These results informed our survey reports.

High-growth orgs are more resilient

Q: How would you rate the resilience of your enterprise?



How can resilience lead to more business opportunities?

Budget allocation plays a role in the relationship between resilience and growth. More than two-thirds (68%) of low-growth organizations said they were at least slightly underinvested in resilience, while just 30% of their high-growth peers said their resilience investments weren't adequate.

Strong leaders invest in resilience for competitive advantage, as half of high-growth organizations said their resilience is a major factor in winning new business, compared with just 31% of low-growth organizations.

Low-growth organizations were three times more likely to say their resilience isn't a factor at all in winning new business or that their resilience hinders them from winning new business.

Grant Thornton Transaction Advisory Managing Director Tim Douek, who frequently advises on buy-side transactions, observes that organizational resilience fuels both organic and inorganic growth. In his experience, successful M&A buyers are typically strong, well-capitalized organizations with solid foundations, agility and adaptability.

"They have decisive, high-performing leadership teams that align the mission, vision and values of the organization," Douek said. "Their resilience might otherwise be described as 'grit.' They realize that even the best-laid plans are subject to change, and their attitude toward change helps them succeed."

One example is a not-for-profit client that faced significant government funding reductions over the past year. Rather than retreat, the organization treated the disruption as an opportunity — adapting its business model to sustain operations and remain effective.

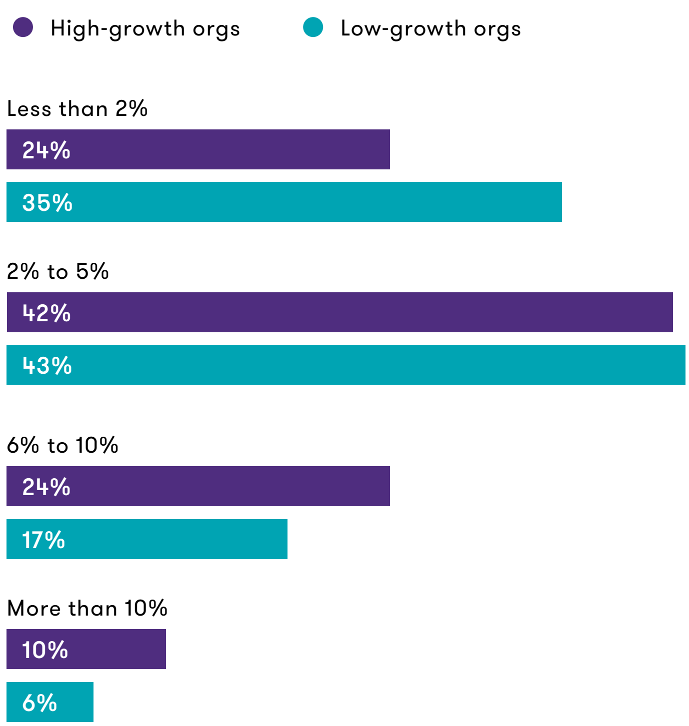
After stabilizing the organization, the CEO began acquiring and transforming other not-for-profits that struggled to adapt once the funding stream dried up.

"Their resilience and clear values are enabling them to expand their footprint and increase their impact on the communities they serve," Douek said.

Ultimately, Douek noted, it is boards and executive leadership that must demonstrate this kind of resilience.

Budgeting for resilience

Q: What percentage of your total budget was devoted to resilience-building activities over the past 12 months?



Note: Efficiency and profitability performance against peers were self-reported by executive in the survey.

> "(High-performing leadership teams) realize that even the best-laid plans are subject to change."
>
> **Tim Douek**
> **Managing Director, Transaction Advisory, Grant Thornton Advisors LLC**

How do resilience and AI fuel innovation?

Enterprise resilience shapes how leaders approach the most disruptive force in today's business world — AI.

High-resilience organizations are twice as likely as their low-resilience counterparts to say AI will fuel new products or business models.

Low-resilience organizations are three times as likely to see AI as a threat. Leaders with confidence in continuity plans, operational redundancy, adaptive planning and accountability treat AI as a competitive differentiator rather than an uncontrolled risk.

"Low-growth companies tend to fear the potential risks and downside of AI adoption, whereas high-growth leaders understand the upside and can quantify the enterprise value they stand to lose if they fail to achieve a scaled impact with AI," Stewart said. "Where low-growth leaders limit AI adoption, high-growth leaders build a strategic advantage modeled on resilience."

While AI use is now widespread, the hard part is moving from pilots to scaled impact. This transition requires the strong operating discipline, change capacity and governance muscle that resilient organizations possess in abundance.

The same "resilience advantage" shows up in how high-growth companies use AI in resilience processes. In our findings, more high-growth than low-growth respondents are using or planning to use AI for proactive risk identification (51% vs. 33%) and accelerated incident response and recovery (44% vs. 30%).

Growth leaders are embedding AI where it compresses detection-to-decision cycles, improves scenario planning and speeds recovery — the capabilities that sustain momentum through disruption. This is increasingly important because AI simultaneously expands opportunity and threat.

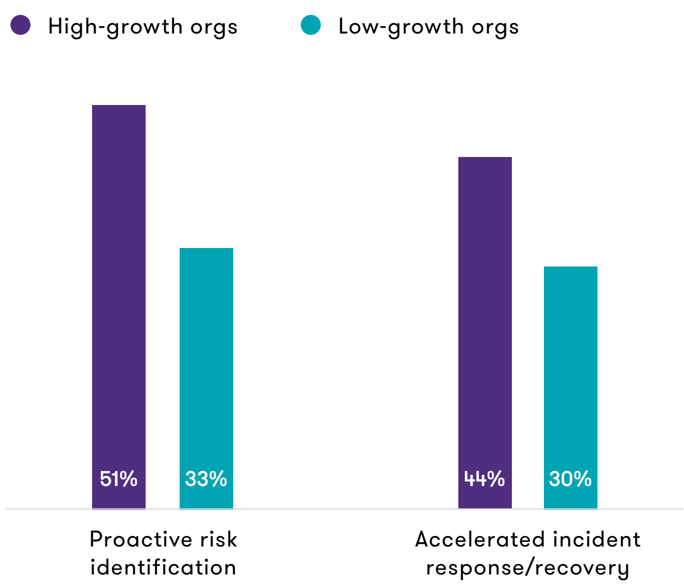
For example, AI creates new cyberattack vectors and cyber defense capabilities, making cyber resilience (and resilience more broadly) a prerequisite for confident AI adoption.

A practical, risk-based approach enables responsible AI deployment, leading to stronger value realization.

Finance leaders recognize this opportunity to create value and are putting dollars behind it. In our CFO survey for the fourth quarter of last year, 67% of respondents — a 20-quarter high — said they expect their IT and digital transformation expenses to increase in the next 12 months.

Top AI uses for resilience-building

Q: Which of the following best describes your oganization's use of AI in building enterprise resilience?



Note: Top two high-growth answers shown

What are the key elements of resilience?

Resilience is built when contingency capabilities are incorporated into the business and then funded, tested and governed like a mission-critical operating priority. Our data shows that 54% of high-growth organizations integrate risk from Day 1 in their innovation processes, compared with just 20% of their low-growth counterparts.

That mirrors what leading frameworks emphasize: ISO 22301 says business continuity can be achieved through a structured management system designed to manage disruptive events and enable recovery through ongoing planning, implementation, monitoring and continual improvement.

Organizations that rated themselves as highly resilient in our survey pointed first to backup plans and systems (70%) and operations/business continuity (67%), reinforced by annual planning and budget allocation (60%), adaptability to market change (58%) and governance/leadership accountability (57%).

The strongest organizations extend continuity from "plans on paper" to enterprise-wide execution. This principle of end-to-end resilience governance and execution is embedded in the NIST Cybersecurity Framework's approach to recovery and incident handling: resilient organizations maintain recovery plans, coordinate communications during recovery and systematically incorporate lessons learned to improve future performance — turning disruption into a continuous improvement loop.

Comprehensive planning and thorough governance need to be carefully calibrated to an organization's risk appetite to protect the organization without limiting its dexterity. The goal is protection without sacrificing adaptability.

In some organizations, well-intentioned controls can become so rigid that they slow strategic pivots, introducing risk rather than managing it. Resilient enterprises design governance to flex when conditions change, preserving both discipline and speed.

"If your risk management and controls are so excessive that you can't change, then you can't be resilient," Stewart said.

Low-resilience organizations in our survey cited deficiencies in operations/business continuity (64%), backup plans and systems (57%), and planning/budget (55%). They also highlighted gaps in a culture of speaking up about problems (57%) and workforce readiness (57%) — two human conditions that determine whether early warning signs surface in time and whether teams can execute when plans meet reality.

That aligns with the concept of psychological safety — an environment where people feel safe to speak up with candor — as a prerequisite for surfacing risks, learning quickly and preventing small issues from compounding. And on readiness, rapid technology change is forcing large-scale reskilling — making skills development and change readiness essential components of enterprise resilience.

Which of the following factors contributed to your assessment of your resilience?

High-resilience organization strengths	**Low-resilience organization weaknesses**
Backup plans and systems **(70%)**	Operations/business continuity **(64%)**
Operations/business continuity **(67%)**	Culture of speaking up about problems **(57%)**
Annual planning and budget allocation **(60%)**	Backup plans and systems **(57%)**
Ability to adapt to market changes **(58%)**	Workforce readiness **(57%)**
Governance/leadership accountability for resilience **(57%)**	Annual planning and budget allocation **(55%)**

How can you create a culture to support resilience?

Resilience is most easily built and perpetuated in a culture that gives everyone in an enterprise shared purpose and clarity, which strengthens confidence during disruption. When leaders consistently communicate priorities and employees feel safe to raise concerns, organizations move with vision and speed.

The resulting agility and informed decision-making improve the potential for growth. Characteristics of a culture supporting resilience may include:

- **Leadership imperatives:**
  - Unified leadership and vision cascading down through the organization
  - Leadership role modeling
  - Incentives aligned with performance metrics
- **People imperatives:**
  - Psychological safety: Employees aren't afraid to speak up
  - Shared responsibility for resilience/risk management for all employees
  - An innovative mindset encouraging continuous learning and feedback
  - A shared understanding of risk management with common terms and definitions
  - A common understanding of acceptable risk and risk appetite
- **Risk management imperatives:**
  - Core principles are ring-fenced and reinforced without suppressing freedom to take risks and innovate
  - A pragmatic, structured and workable methodology to identify, understand and prioritize risk
  - Robust culture-monitoring signals (hotlines for reporting, employee surveys, periodic focus groups, etc.)
  - Resilience drills, with results tracked and reported to the board
  - GRC platforms and automated compliance dashboards for real-time tracking

The importance of tone at the top in establishing a culture to support resilience cannot be underestimated. In one Grant Thornton risk assessment engagement where an unusual number of high risks had not been mitigated to an acceptable level, a CEO demonstrated that leadership when he responded to candid risk findings by acknowledging them and committing to improvement.

"We were raising issues that weren't easy to hear," Stewart said. "But that openness created the conditions for meaningful progress. The CEO's ability to embrace the results allowed others in the organization to enable positive change."

While the CEO sets the tone, resilience is reinforced when executive teams share accountability, encourage open dialogue, and empower leaders across the organization to surface risks early and act decisively.

With the right leadership, people and risk management processes in place for a resilience culture, organizations are prepared to focus on the decision speed and adaptability needed for growth.

"Resilience creates the ability to change," Stewart said. "A culture where people show agility, accept change and adapt to it puts an organization in position to deliver growth."

Why does growth belong to the resilient?

Resilient organizations trust that they're ready to adapt to whatever challenges come their way. They're fearless, focused and unified. They have the confidence to invest, acquire and deploy resources when others hesitate and they're prepared to power through disruption.

Our survey shows that high-growth organizations are more likely to make meaningful investments in resilience, treat AI as a growth engine, and develop a culture that enhances agility and innovation.

"When you can handle disruptions and market changes," Leuck said, "your fundamentals are established for transformative growth."

The findings in this report can be used to pressure-test your resilience investments, governance and culture. Compare your organization's resilience practices to those of high-growth leaders and embark on a path to stronger growth.

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Tim provides a range of transaction diligence services with a specific focus on the design and deployment of profitable, sustainable strategies for organizations looking to optimize their operating models through organic and inorganic growth. Tim has over 20 years of experience at various global management and strategy consulting firms in the UK, U.S. and Canada, during which he has managed dozens of advisory engagements across a host of corporate functions and industries including the energy, automotive, life sciences, manufacturing and banking sectors.

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Kevin has more than 10 years of experience leading strategic assurance engagements for technology, healthcare and financial services organizations. He brings deep technical expertise in evaluating information technology controls across complex and evolving environments. Kevin regularly advises clients with multi-report and multi-framework SOC programs through solutions tailored for their specific compliance needs.

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Shawn Stewart is an Advisory Partner with Grant Thornton and focuses on Strategic Account services. He serves as a trusted advisor to board members and executives within our client portfolio. His areas of expertise include IPO readiness, enterprise transformation, IT consulting, AI enablement, corporate governance, compliance program design & optimization and enterprise risk management. He is the author of Grant Thornton's "ERM Lite" methodology and service offering — an innovative and alternative enterprise risk management framework and methodology.

Prior to joining Grant Thornton, Shawn held global compliance responsibilities for the Capital Group Companies/American Funds. He also worked in audit and consulting with a Big Four firm. Shawn started his career in corporate finance, helping startup and expanding businesses develop business plans and secure angel and venture capital financing.

Shawn is a Certified Public Accountant (CPA — California), Certified Risk Professional (CRP), Certified Information System Auditor (CISA), and a Project Management Professional (PMP). He received his Master's degree in Accounting from Brigham Young University with an emphasis in Information Systems.

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