

Business Continuity Planning – a CPD issue?

by Diane Davy

Synopsis

Whatever the size of your organisation – be it a one-person band, an SME or large organisation – second guessing the potential of risks to the business is a challenge. Even more difficult can be the task to mitigate those potential risks which, according to research, many of us duck.

If you come to this with little or no experience, there is a huge learning curve to climb. Embracing business continuity as a learning opportunity can be a creative way of addressing the issues, providing a strong case for the value of active continuing professional development.

This article provides a practical reflection on the importance of planning for business continuity, with a particular focus on the Small or Medium sized Enterprise (SME).

What is Business Continuity about?

For any business, the key issue for confident business health is an ability to answer “Yes, we think so” to the question “So, will the lights stay on in YOUR business?”

Business Continuity Planning is about planning for the unpredictable and the unthinkable. In one sense, that seems like something of an oxymoron: how can you plan for the unthinkable? The answer is to explore and understand the range of things that could potentially go wrong, both internal and external to the organisation, and think forward as to how those potential risks could be mitigated. That means planning and preparing for the future, with the objective of ensuring a healthy and sustainable business or organisation. It’s a bit like writing your will when you are fit and in good health, instead of putting it to one side until your heirs curse your indecision.

If the planning is so important, why do we need reminding about it? In May 2006, the Chartered Management Institute published Business Continuity Management (BCM), a survey of Institute members exploring their awareness and uptake of BCM. The survey found that although 77% of managers believe business continuity is important, only 49% say their organisation has a business continuity plan in place. Of those with plans, only 37 in 100 actually test them at least once a year. Even more worrying is that where rehearsals have taken place, 79% revealed shortcomings in their plans. So where does that leave the value of the others? Iterating plans of any sort is a crucial element of maintaining fitness for purpose.

Planning for business continuity is about identifying every conceivable risk, prioritising and analysing them to create the strategies, policies and procedures needed to address the plausible risks, to maintain a healthy business in the face of uncertainties.

Crisis or Emergency?

The UK has had more than its fair share of crises and emergencies, both local and national, in recent years. These could impact any individual person or business, as almost any of us could testify. For example, every one of the London bombing incidents in 2005 caused extreme crises for individuals caught up in the death and injury, knocking on to their families, their employers (if employees) and their businesses (if self-employed, owners or directors). The closedown of infrastructure, loss of telecommunications, evacuation of buildings, all caused further problems.

Looking at the impact of the BA cabin staff strikes in January 2007, one can see a whole range of outcomes which had unexpected impacts on businesses ranging from suppliers of fresh food, to the service companies, to the hapless passengers who may need to travel for their business or personal urgent needs, to say nothing of the tourist industry businesses faced with cancelled bookings from those unable to travel.

The strike of writers in the USA entertainment industry led to the abandonment of the razzmatazz of the 2008 Golden Globe Awards ceremonies. The plight which hit the headlines was the side-show businesses of limo-hire, costume designers, caterers and the like, as their businesses relied on the contract work.

On a different scale, what of the self-employed person who operates from a home base, relying completely on their lap-top computer as the primary business tool? With little or no IT support, and no regular back-up system in place, what happens to their business if the lap-top is stolen in transit? The nature of their insurance cover (if there is any in place) will determine how to fund a replacement. The bigger headache, however, is the non-existent or very outdated back-up to enable the continuity of fulfilling work commitments. An example of being "too busy" to plan ahead, leading to a potential cash-flow crisis, when a little forethought could have created a regular back-up to install on a new machine. Oh, and remember that those back-ups, when they are created, do also need verifying for their ability to be re-instated.

Some of the things that can go wrong can relate to:

- Natural disasters and weather extremities
- Industrial accidents
- Infrastructure (including ICT) crises
- People related crises
- Criminal activity
- Supplier, customer or even bank defaults
- Terrorist attacks

Does size matter?

Things can go dramatically wrong whatever the nature or size of your structure, and usually when you least expect it. It makes no difference if you provide products or services, if you have a limited company or a not-for-profit organisation, are large, medium-sized, small or micro: whatever the mix, business is risky. The unwise reaction

is to become risk averse: that is not good for dynamic business and does not insulate from real risks. In fact, risk aversion is another category on the risk register.

You will need to undertake an analysis of every risk you can envisage, using a simple risk matrix. Whatever the mix, focus on understanding the breadth of types of thing that could go wrong for your specific business scenario, and think through how to manage those plausible risks in a sensible way. Very often, simple solutions are the best; you probably do not need to throw lots of money at most solutions, just common sense and lateral thinking.

Key components which underpin a healthy business

The starting point is to understand what makes your business tick. For any business of any size, the key components are:

- The governance regime
- Effective leadership (for all but the stand-alone individual)
- Well skilled, managed and motivated workforce
- Competent financial management and reserves
- Ability to market/sell products or services
- Healthy relationship with the supply chain
- Value added forward planning (including whole organisation succession planning)
- Efficient infrastructure
- An appreciation of in-built redundancy versus sole-reliance

Your aim is to strengthen the resilience of your business.

Potential causes of discontinuity

A simple analysis for your situation of each of the components above can reveal where things could go wrong. For example, ask the questions for each of the above, “What could go wrong here?”, “What would happen if this failed?” and “How likely is it?”

Remember, what could go wrong to some extent relies on what your business is about: each organisation will uniquely suffer differently in respect of any one potential problem. The business continuity planning must reflect that uniqueness, even though the core issues will be generic.

The research referred to above showed that the four most common causes of business disruption in the UK were, in descending order of actual occurrence:

- Loss of key people
- Loss of critical skills
- Loss of IT
- Loss of telecommunications

Interestingly, most attention was paid to the last two. The most neglected were the first two, yet these are almost always the hardest to replace in the shorter term and will impact most dramatically on most businesses, particularly in the knowledge-driven society we have become. Is it easier to focus on “nuts and bolts” than on people issues, I wonder?

Reviewing the relative importance of the issues

Effective business continuity planning is all about creating strategies to mitigate risks, policies put in place to ensure the strategies are understood and acted upon, and procedures for action to mitigate risks and for prepared action in the event of a crisis or emergency.

The importance of each issue relative to each other will reflect the uniqueness of your own business scenario and the value you set against each component.

Dos and Don'ts of forward planning: some of the Dos

The most important thing by far is to start contingency planning today. Prepare by trying to second guess and to expect the unexpected. Why not start by a simple brain storm, looking at worst-case scenarios? You can do a solitary mind-map, or have a session with colleagues or a mentor. If you work in isolation, make sure you share the outcomes with at least one other person for a reality check, and do learn from the mistakes of others.

Think about what it would take to get up and running again as soon as possible after each of your imagined unexpected events, paint the scenario and think yourself into the situation. Having ranked the risks for likelihood and impact, you can focus on the priorities for your business.

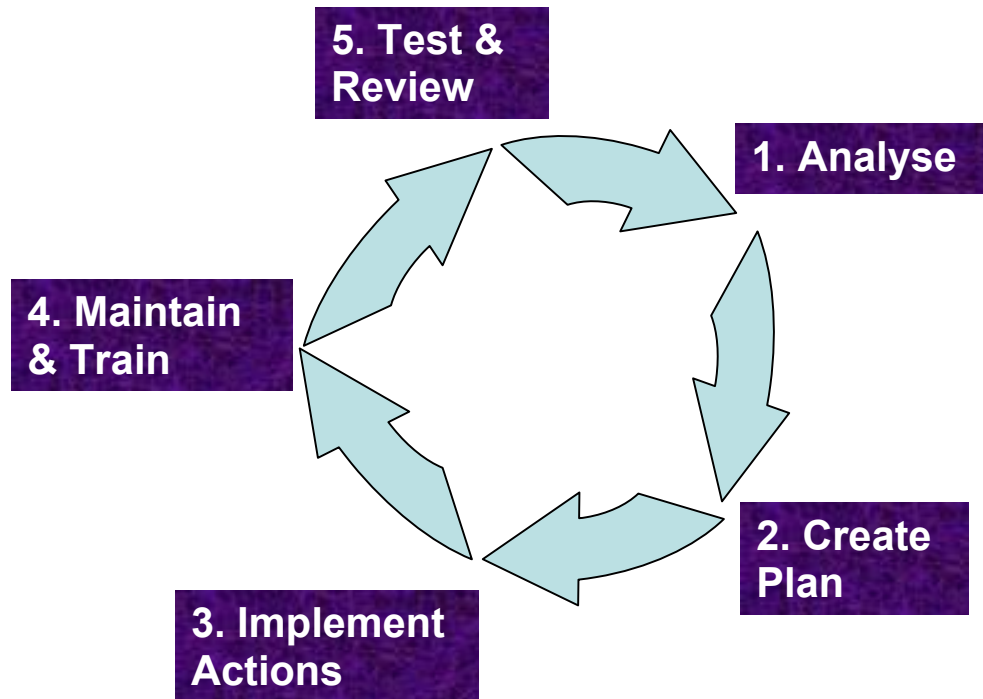
Once your plans are underway, do make sure that you build in informing and training people on what is relevant to them, and how to respond in an emergency. Remember to test your plans as far as you can, periodically, capturing any learning from the tests and adjusting the plans accordingly.

Dos and Don'ts of forward planning: some of the Don'ts

Please don't put off till tomorrow making a start, even if all you do today is start a folder on the shelf and on the computer, and set a diarised date for your private or collective brain-storm. And today is a good time to start reading up straightforward articles and books on the subject, part of the learning process. As for the CPD element, remember to record your progress on reading and research.

Don't be complacent, and imagine you have covered all the angles, because you never will. Whilst insurance cover could well be part of your forward planning, do not believe that all your answers lie in relying on insurance to get you out of trouble, because the issues will be too broad for any single solution.

Don't try to make it too complex; it does not have to be. And once you have done all the analysing, prioritising, planning and training in putting the plans into action, do not sit back and think everything is OK now. Keep the plans LIVE: have regular reviews, updates and training sessions.



Cycle of Business Continuity Planning and Review

What could make a difference to your business? Quick wins to long term

If you are starting from scratch to build the first continuity plan for yourself or your business, you may feel that there is a benefit in looking for a few “quick wins” in terms of measures which could easily, cheaply, sensibly be put in place ahead of building the more specific and detailed plans. Your own initial brain-storm will highlight a few issues which ring instant alarm bells, and if you could devise an easy interim measure for these, you will make good progress. And that activity will further inform how you approach the rest of the planning.

For example, the sole trader with no back-up process at all for their crucial computer could copy key data and documents onto CDs or memory sticks and ask a neighbour to keep them safe. That could buy the time to identify how to arrange something more regular and sophisticated for the whole computer.

When I ran a small business in the not-for-profit sector in central London's Westminster in the 1990s, the age of the lap-top computer was only just arriving, which meant that all electronic data was on the office computer system. A very real risk was terrorist activity and the building was regularly evacuated and under threats from bomb damage. When I first took the CEO's role, we had no business continuity plans. I had to start from scratch.

My first quick-win action was to gather together on a Word document the crucial business information such as Charity Commission and Company Registration numbers and their contact details, bank accounts and insurance policy details, phone numbers for our solicitors and accountants, and contact details for our staff and trustees; in other words details of all the things we'd need to know urgently if the building went up and nothing was left. This was printed out and paper copies taken home by my PA and me for safety.

What could make a longer term or more profound difference will of course depend on the specifics of your own organisation. You may well find that all the work to address your business continuity needs will affect how you see your business long-term, and how you operate may change as a result. That in itself presents business opportunities, so who knows where it could lead?

What if the unthinkable happens?

Flying home to Manchester Airport late in the afternoon from a weekend in Paris in December 2005, we passed over and beyond London. Below we could see a spectacular fire. On landing, we discovered that it was at an oil depot at Buncefield, a built-up area on the edge of Hemel Hempstead. That fire is now deemed to have been the largest in Europe in peacetime for 50 years.

Dacorum Borough Council later reported that they found little documented advice on how to cope with the damage and fall-out. Their Jacqui Campbell said "One of the biggest lessons we learnt was that recovery work was not short-term". Something of an understatement, this is emphasised by the fact that at the time of writing this article over 2 years after the event, a number of businesses and residents are still not back in their accommodation. How would your business cope with this?

As for the problems of balancing in-built redundancy versus sole-reliance, it can be illustrated by thinking of the provision of beds in a hospital. Finance, as we know, is a huge issue in the NHS, and every bed funded has its own allocated cost, so there is pressure to fund the minimum number of beds possible against need. Provision of 100% occupied beds in normal conditions seems fine on the surface, but in a sudden bout of serious illness in the community (which also means medical staff), such as the Novovirus, there is a shortfall of hospital provision. Executives have to balance the associated risks and fund a degree of resilience through everyday redundancy (85% occupancy is seen as ideal) to have the emergency provision available.

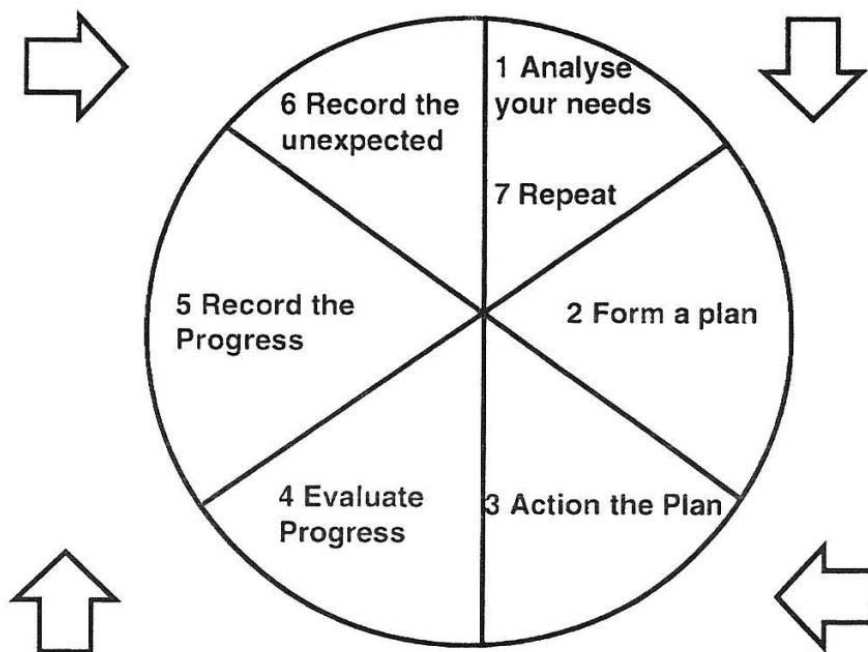
One thing you will need to consider as you plan: if the unthinkable does happen, who in your organisation will press the button, so to speak, to implement the plan? It will be necessary to have the key person identified, with alternates published clearly to cover for sickness, holidays or absence on business. The more complex the organisation, the

more challenging this will be to maintain in the moment: a clear, simple process needs to be agreed, promulgated and tested.

A Continuing Professional Development issue?

The whole process of developing a Business Continuity Plan (BCP) can be used as a learning experience. The issues you will need to address will stretch your imagination and inventiveness. Your colleagues will also learn from it, and you may well thus choose formally to complement your in-company skills development and/or mentoring programmes.

The BCP process itself is analogous to the CPD process. In the CPD Cycle diagram, below, it is easy to see that the cycle could also be entitled “Business Continuity Planning Cycle”. And as with CPD, the cycle is a continuous one: it is crucial that you regularly review the analysis, planning and actions, as well as develop the plans from the lessons learnt.



The CPD Cycle

An example of a potential learning opportunity is undertaking an analysis of the risks you envisage. The process at this level is straightforward and can be commenced by completing a Risk Matrix. Some reading and thought will open up the use of this tool if you are not already familiar with it.

Drawing conclusions and looking forward

Whilst not enough have, every business needs a plan to ensure that if the unthinkable does happen, the impact is minimised. The process does not need to be difficult or costly, as in many instances simple and pragmatic can be best.

Undertaking the challenge to understand your business in business continuity terms can open up new insights into what both you and your business do and how you do it, and could lead to streamlining operations - a business benefit. Personal development will happen in parallel, benefiting all involved. And you will sleep more easily in your bed at nights, knowing you've at least covered all the angles you can envisage for a resilient business.

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