

Building a resilient company

BY CINDY BODENSTEIN

TODAY'S GLOBAL GOVERNANCE CODES AND REGULATIONS recognize the duty of boards and executives of companies to take a long-term view of their businesses. One key responsibility in doing that is to develop ways to ensure a company's sustainability. This change in emphasis from the days of yesteryear is driven in part by the fact that in the current global business world, companies are dealing with ever-longer supply chains and closer integration between business partners, which means risk becomes both more complex and highly contagious.

In other words, the inability of a manufacturing plant in Japan (for example) to honor its commitments has the potential to impact many supply chains and countries today. On a more local basis, a fire in one company's factory can affect not just that facility but the whole company, the surrounding community and the company's suppliers.

This is one of the main reasons that today an emergency plan is critical, as is the ability to handle natural disasters such as the floods and hurricanes the U.S. has experienced this year. Even actions as simple as a shutdown because of major equipment failure can become major. We must protect our staff, save our key records and files, secure our equipment and more. Also, what happens during the crisis is only the first step. The real challenge comes next: Where will the staff report for work if their usual work areas are not accessible? What are the implications for other business processes and partners when one aspect of our operation goes down? How will the events that have occurred be communicated to the public, to stakeholders and others?

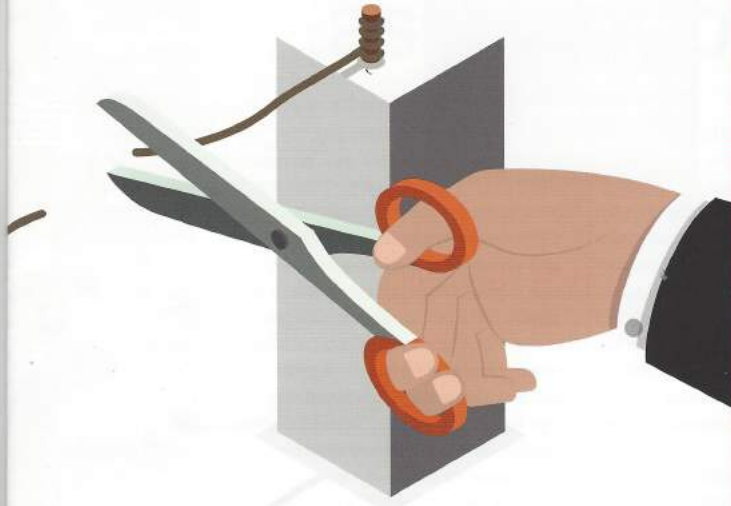
In recognition of the complex levels of interdependencies in today's business world, disaster recovery has expanded



into the discipline of business continuity management, which has its own set of standards (among them, the global International Standardization Organization's 22301) as well as a professional organization whose purpose is to service members of the business continuity profession (the Business Continuity Institute).

Business continuity is a process that needs to be managed throughout a business' entire life cycle, constantly being tested and improved. In the process, a company will not only be better able to respond to a disaster, it hopefully can prevent some of the ill effects of that disaster from materializing.

The concept is called "business resilience," and it's vital in today's world, where the risks are so plentiful.



Looking at the impact

A business continuity plan begins with understanding the specific risks a company faces, and what effects would result if those risks become reality. Externally, this means surveying the entire risk landscape within which the company operates. Even more important than this external picture is an internal review of risk. That involves understanding exactly what business processes make up the operations of the company as well as measuring the relative importance of each process in achieving overall corporate strategy. Doing this can be complicated by the fact that each person involved in the business process believes what they do is most critical. This is why it's important that the person in the company entrusted with business continuity management (whether that's the company owner or a designated emergency

In an emergency

Emergency planning is part of the wider business continuity management program, but it's essential. When any type of emergency occurs, the following should be in place:

- A response team should be well briefed and assigned specific tasks.
- The members of that team should have complete lists of personnel and contact details to monitor safety and continue communication. All staff mobile numbers should be on record. Instant messaging groups can provide an easy way to keep large numbers of people informed.
- Assembly points within specific facilities should be established and roll calls taken for on-premise emergencies. First-aid kits should always be on site.
- Communication points should be noted for use as needed including how to get in touch with top management, business partners, the board chair, media, emergency response teams and the business continuity provider, if there is one. It's also a good idea to always have a media contact within the company designated to handle a crisis.
- Call center and main business numbers should have the capability to be rerouted as needed.
- A "battle box" should be put together for relocation purposes. In that box should be physical items such as stationary, stamps, company manuals and other vital company publications.
- A copy of all the passwords people need to access their systems as well as the shortcuts to frequently used corporate applications should be kept securely off site.

manager) needs to engage with the entire management staff to prioritize business processes in relation to strategy.

While difficult to put together, this "business impact analysis" is critical because it determines how quickly each process in operations can recover and how far back in time that process of recovery can reach, which in turn affects budget allocations.

It is vitally important not only to get buy-in from senior management, but also to bring the entire staff into the planning processes.

Once a business impact analysis has been completed, a company can begin to develop specific plans for recovering each process based on risks that particular company faces.

Because of the reliance of modern business on information and communication technology, it follows that the business continuity plan for many companies will focus heavily on disaster recovery for events that cause technology disruption, including (for many companies today) cybercrime. But information failure or loss is only one element of a business continuity plan. Other elements of the plan must address what will happen in the event of natural disasters such as fire and flood, unpredicted industrial events such as strikes, health epidemics and terrorism. Even something like power and water outages can compromise a company's ability to operate.

Many companies include a work-area recovery element to their plan. That's a place where staff goes during an event if operations are disrupted. Business continuity providers, for example, often provide fully equipped office space so clients' clerical or back-office functions can be relocated relatively easily. Providing recovery sites for manufacturing facilities is a much trickier proposition, but it can be done through careful preplanning on how to continue production if a particular site is rendered unusable. Companies with more than one site can have plans that include shifting production to alternate sites. There are also companies that enter into agreements with competitors to handle production needs during a disaster.

The key here is that there are many moving parts to any company, and the plan for continuity needs to be thought through in advance. Working out what to do with staff or where to move production is something that would be difficult to achieve in the middle of the crisis itself.

What's in the plan

A business continuity plan should:

1. Identify the scope of the plan.
2. Identify key business areas.
3. Identify critical functions.
4. Identify dependencies between various business areas and functions.
5. Determine acceptable downtime for each critical function.
6. Create a plan to maintain operations.
7. Test your plan and revise often.

A process, not a destination

Like any business plan or strategy, it is important to understand that a business continuity plan has its own distinct life cycle. Risks and other circumstances change, and perfection of any plan is never attainable, so companies should seek a map of action that flows smoothly with continuous improvements made.

Also, a business continuity plan is worth little unless it is regularly and thoroughly tested with the results of each test fed back into the plan. Some of this testing must take the form of real-life drills, rather than desktop simulations, because these drills provide the hard information on just how effective the response is, and, more critically, its shortcomings. This iterative process is analo-

gous to fitness training because it means that the company develops an innate resilience that allows it to respond to, and recover from, any disaster.

A highly specialized element of any disaster response plan is crisis communications. Experience has shown that a major factor in how quickly and effectively a business can recover depends on how well it can communicate during a disaster. This communication is a vital link with employees, but also other stakeholders, including business partners, families of employees, neighboring communities, government agencies and the public as a whole. In an age dominated by social media, communication has become a zero-sum game that can easily spiral out of control.

Too often, companies focus on planning for a specific disaster without taking into account the bigger picture: forming a plan that grows and improves. Building resilience into disaster planning means what happens can be applied to all types of disasters and interruptions in business. That's why business continuity management has become a profession and entire companies are springing up as third-party service providers for part or all of the needs that will help a company get back on track. ■

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