

Economic Recession - A Crisis or an Opportunity for Business Continuity Professionals

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With reports of turmoil on stock markets and comments on sub prime loans featuring regularly in the business pages, questions are inevitably being asked about an economic downturn.

There can scarcely be a bigger threat to any organisation than a recession. Its impacts will be felt across all businesses and business sectors, with operational and strategic processes coming under scrutiny.

For Business Continuity to really make a difference the test will be to see if can it live up to the BS2599 definition "business continuity management is the process that identifies threats to an organisation and the impacts to business operations that those threats if realized, might cause".

If an economic downturn arrives there will be a change to the risk appetite of organisations. Challenges will arise through changes in internal arrangements as well as to external relationships. Both aspects will need to be monitored closely for variations to the risk profiles of the company.

Economic downturns are characterised by redundancies and job losses, increased numbers of companies operating under financial constraints with resulting reductions in investment. In extreme cases current projects may either be extended or even suspended.

As organisations react to the changing market conditions strategic decisions by the Board will influence short and long term actions. These changes to planning and strategy create an opportunity for a voice from Business Continuity to be at the table when these decisions are made.

The Business Continuity professional needs to adapt to such circumstances and explore how their role may change and what actions could be needed. Will the supply chain be more or less secure and can service level agreements continue to be met?

Equipment and asset replacement programmes may be delayed and maintenance budgets reviewed to identify cost saving, such changes can lead to reliability issues. However, there may well be overcapacity in the supply chain and availability of key resources such as contract staff may increase the relative costs.

With money for investment tight and overheads under continual review it will interesting see how Business Continuity budgets stand up under scrutiny.

The above examples can be viewed as operational but ultimately the impacts are strategic. At the heart of these issues is the need to ensure Business Continuity is close to the decision makers and for this to succeed there must be clear benefits to the organisation and a well defined executive programme.

Traditional impact and risk assessment processes are often focused on failure mechanisms, with immediate impact and loss being the focus. They are operationally based and restricted by concentrating on the event by which the loss occurs. When the analysis concentrates on direct logical linkages arising from an incident then the processes are directed at acute impacts where change is immediate. By contrast the slow chronic failures are harder to recognise and tend to be relegated in importance.

There is a need for impact and risk to be integrated into the wider business processes, exploring for example the implications of events such as an economic downturn. Periods when the risk profile will change and the conditions required for response and recovery will vary.

By ensuring Business issues are built into an Executive programme, threats to an organisation can be fully assessed and classified. In turn these risks can then be explored and options for mitigation identified. Leading companies already understand this by building not just paper based systems but through business simulations.

By building business issues into simulations and removing the focus away from incident response scenarios the organisational learning improves dramatically.

The executive focus moves away from concentrating on the incident and starts to focus towards the organisational issues and strategies, they can see and feel the vulnerabilities and opportunities that events create and start to appreciate the true meaning of Business Continuity.

With regards the recession if Business Continuity programmes are built on solid foundations then the next year may prove an interesting challenge. LINK have over 21 years of experience running these live interactive executive programmes, talk to us to discover how to put business into business continuity.