A Business Continuity Perspective on Organisational Resilience[i]

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Resilience – Providing a Vision for Business Continuity Management

Contemporary thinking about the role and value of Business Continuity Management (BCM) is underpinned by the goal of achieving organisational resilience. Although BCM originated in planning and responses to Informational Technology disasters, it has evolved over the past 40 years to become an embedded, organisation-wide process with a strategic orientation. BCM comprises of processes, structures, roles, and resources that evaluate an organisation's exposure to internal and external threats and to provide effective prevention and recovery for the organisation, whilst maintaining competitive advantage and value system integrity. Within BCM, risks are considered to be threats to the organisation's activities, objectives and responsibilities. Central to a business case for BCM is the ability to enhance resilience through the effective implementation of business continuity management methodologies and systems (which may include standards such as ISO22301 and NFPA1600 among others). From a BCM perspective, resilience is an ability that is related but distinct since BCM is a set of organisational processes and other resources that are integrated into a management system that provides continuance of an organisation's activities following a disruption. Disruption is avoided or minimised because of preventative measures in place. Such a perspective aligns with the recent *Guidance on Organizational Resilience* (BS65000: 2014) from the British Standards Institute in which organizational resilience is both a goal and "the ability of an organization to anticipate, prepare for, and respond and adapt to everything from minor everyday events to acute shocks and chronic or incremental changes".

Although business continuity professionals and best practice standards increasingly consider resilience to be a goal of effective business continuity management, BCM is one of several supporting activities to support resilience. Indeed, Enterprise Resilience Programs incorporate BCM with risk management, IT disaster recovery, risk management and crisis management in order to undertake a comprehensive pursuit of resilience (see Figure below). There is no single best way to configure an enterprise resilience programme given the unique historical, financial and resource attributes of each organisation. Furthermore, although the lack of consensus on a single 'definition' of resilience is often presented as an ontological difficulty, BCM professionals tend to characterise resilience as the aspiration or aim of business continuity management systems, much as a chief strategy officer would

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refer to the corporate vision as the articulation of the future state of organisation following achievement of its corporate strategy.

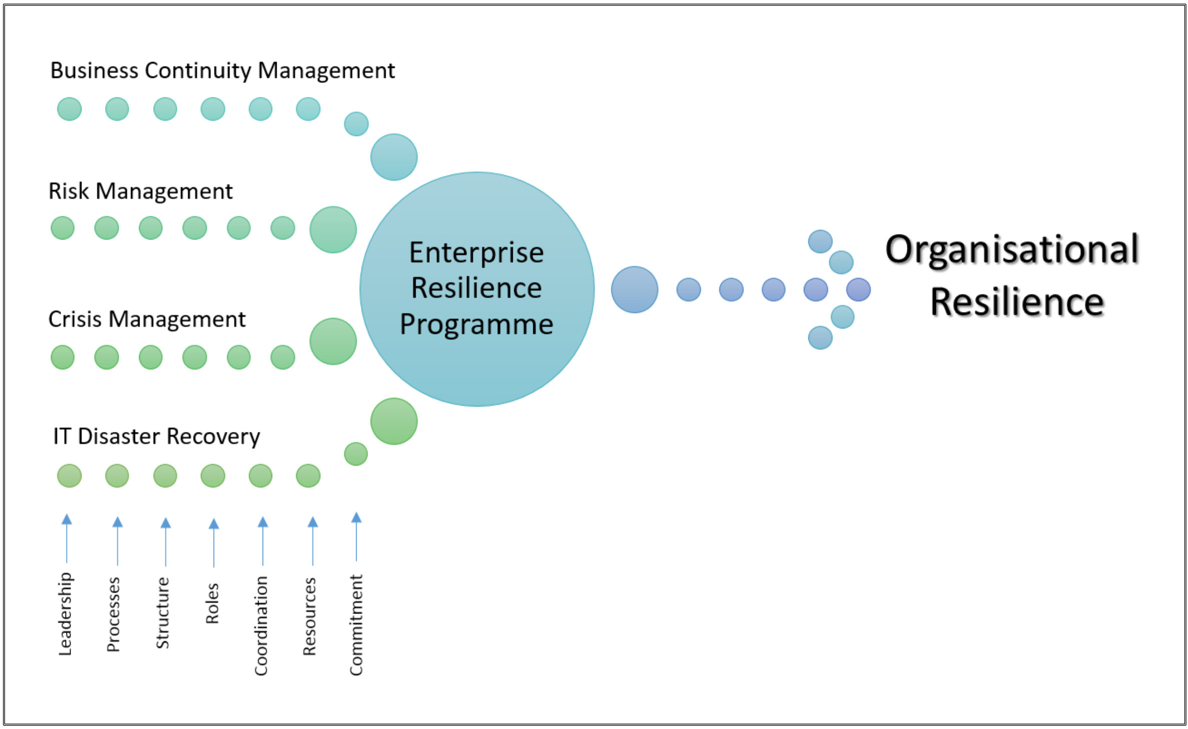

Figure 1: A business continuity perspective

Business Continuity Management as an Articulation of Resilience

The conceptual and practical alignment of resilience and business continuity goes beyond their means-end relationship. An engineering /recovery resilience approach (i.e. response to specific disruptions) is achieved through the development of business continuity strategies designed to deal with specific scenarios such as power loss, denial of access to buildings, IT failure, fire, flooding, transportation failure, industrial action, supply chain disruption, contagious disease outbreak, etc. Ecosystem/precursor resilience (i.e. the organisation's ability to emasculate shocks and persist through periods of disruptive change) is achieved by implementing business continuity as a continuous management set of responsibilities, structures and activities. ISO22301 and its predecessor BS25999 are structured around a 'plan-do-check-act cycle' in which the changing needs and expectations of stakeholders and changing requirements of the organisation drive the development of plans that are in turn implemented, operated, monitored and reviewed. These guidance standards are derived from well-established good practices for business continuity in which the BCM process begins with the initiation of formal structures, roles, budgets, senior management commitment and objectives. Once these operational conditions for BCM are established, attention then turns to formal planning in which critical activities and functions are identified through a number of formal analyses, including Business Impact Analysis and Risk Assessment (including risk appetite). From this, business continuity strategies/plans are developed which should then be exposed to exercising and testing to rehearse and refine the organisation's responses to hazards that could disrupt operational activities.

Although BCM may be thought of as an alternative or substitute for risk management, risk management principles are central to BCM. Since BCM focusses on preparedness for the recovery, resumption and restoration of critical activities and functions following a disruptive event, such an endeavour serves to lower organisational vulnerability and their interaction to known hazards – the essence of managing risk. Where resilience and BCM may differ from risk management is in the role of creativity. Within an organisation, creativity may be present, absent, latent, nurtured, central or peripheral to what the organisation does and how well it does it. As art may rely on improvisation and bricolage, so too might organisations facing a major disruption. Driven by creativity (which combines skills and techniques along with an appreciation of resources that are found nearby) organisations should seek not to be bound by the rigidities of assumptions of plans for generic scenarios (for instance by using internal assassins to identify vulnerabilities during planning, and red versus blue teams and injects during exercises).

A narrow view of BCM is that it is a toolbox. Without, however, people and other resources (including relationships), the BCM toolbox lacks the methods from which resilience may be fashioned. Indeed, the human dimension is at the heart of business continuity management. The commitment of the C-Suite to initiate and sustain BCM is necessary to build a supportive culture within an organisation in which knowledge of vulnerabilities are shared, ideas flow freely and responsibility promotes, rather than stifles, problem-solving and continuous improvements.

BCM – A Part but not the Whole

As noted above, BCM is one element of an organisation's path towards greater reliance. In operational terms good financial management, information security policies and practice, health and safety management, succession planning and retention policies, staff capabilities, staff training and flexibility, corporate social responsibility policies and practices, supply chain management, quality management, and brand and marketing management are among the key processes that can underpin an organisational insight into operational risks and mitigate/remove their impact. In terms of international guidance standards to support resilience, the following are salient:

- IS028000 Security Management Systems for the Supply Chain
- ISO22301 Societal Security - Business Continuity Management Systems - Requirements
- ISO22313 Societal Security - Business Continuity Management Systems - Guidance
- ISO27001 Information Security
- ISO31000 Risk Management
- NFPA1600 Standard on Disaster/Emergency Management and Business Continuity/Continuity of Operations

(This list is indicative rather than exhaustive.)

The wide range of underpinning activities and guidance standards reinforce the important (but not exclusive) roles of BCM and Risk Management in developing organisational resilience. In a national context, governments (local and national) and business support agencies may provide guidance on BCM and resilience and local guidance and standards may exist. For example, in the United Kingdom, the Cabinet Office publishes guidance on emergency planning, business continuity and resilience for a wide variety of organisations, and British Standards BS11200 (Crisis Management) and BS65000

(Guidance on Organizational Resilience) originate from the UK standards body BSI. BS65000 identifies the high level principles/actions and operational disciplines that are necessary to develop organisational resilience. The high level principles and actions are situational awareness, setting a clear vision and purpose, ensuring coherence of activities that contribute to resilience, developing adaptive capability (innovation, flexibility and agility), strengthening and developing the organisation, and providing validation and review for organisational development. The guidance identifies 21 operational disciplines that underpin and embed resilience processes, including risk, business continuity, crisis and ICT disaster recovery continuity management.

Assessing the Value of Continuity

The proactive and preventative nature of BCM means that evaluating BCM using approaches such as Return on Investment (ROI) is akin to calculating the ROI of an insurance policy. To pursue an objective assessment of ROI is nigh on impossible. Elements of its value can be known and put together to provide a case for new/continued investment. Deriving this casual path is therefore problematic and may result in simplifications and assumptions about certainty (event X will happen with Y frequency and with Z degree of loss) set against alternative levels of investments and their impact on levels of frequency and impact of known forms of disruption.

Nevertheless, the inability to accurately measure ROI does not mean that it does not add value because Business Impact Analyses for activities within the scope of BCM will show the operational, contractual, financial and reputational impacts of the inability to fulfil those activities in the event of a disruptive incident. All of these impacts will have recognisable levels (that is – we may not be able to measure them precisely but we would have a clear indication of their severity, ranging from trivial to strategically important). Regardless of the challenges of assessing the value of BCM, in many economic sectors BCM is no longer an option but a requirement.

Annotated Bibliography

Boin, A., & van Eeten, J.G. (2013). The Resilient Organization – A Critical Appraisal. *Public Management Review, 15*(3), 429-445.

Arjen Boin is one of the foremost international writers in the fields of crisis management and institutional resilience over the past 20 years. In this paper he and his co-author offer, as their title suggests, a critical evaluation of resilience. The paper offers nuances that business continuity professionals will appreciate in both operational activities and in managing BCM programs. The paper includes two case studies, those of the CAISO 1996 power outage in California and the 1986 and 2003 space shuttle accidents.

Elliott, D., Swartz, E., & Herbane, B. (2010.*) Business Continuity Management –A Crisis Management Approach* (2nd Edition). New York: Routledge.

Among the many books on business continuity management, Elliott et al.'s book combines academic rigour with practical insights and cases, and provides the foundations for this paper. The book includes chapters on 'Digital Resilience' and 'Legal Drivers and BCM Standards' are particularly relevant to the interfaces between risk management, business continuity and organisational resilience.

Herbane, B. (2015).Threat orientation in small and medium-sized enterprises. *Disaster Prevention and Management, 24*(5), 583 – 595.

This paper presents empirical data from 215 SMEs in the UK and their approaches to managing acute interruptions. Alongside this empirical evidence, the paper includes useful references about crisis management planning in small firms and business continuity.

Reid, R., & Botterill, L.C. (2013). The Multiple Meanings of 'Resilience': An Overview of the Literature. *Australian Journal of Public Administration, 72*(1), 31-40.

There are many reviews of the literature published in peer-reviewed journals and this is one of the best in combining clarity, value and brevity. The authors clearly distinguish between engineering, ecosystem and psychological resilience, and the paper also considers typologies of resilience.