



Article: Do your business continuity plans take into account your interim operating model?

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It's hard to get away from the word COVID-19 recently with its actions throwing many businesses' into disarray, confusion and uncertainty. The sudden shock and impact to day-to-day (BAU) operations has caused issues across all industries, but which companies were best prepared?

When organisations experience a structural change in the business environment, be that; a change in supplier, a new market opening or even a new regulation, they generally revert back to their current 'As-Is' operating model and make adjustments accordingly to ensure the business is in the best position to overcome this change. When they are subject to an acute operational disruption, for example caused by a fire, flood, power outage etc., they normally implement their Business Continuity arrangements that allows them to continue priority activities during the disruption and return to BAU as fast as possible. However, the COVID-19 pandemic presents organisations with both these challenges simultaneously and is perhaps the reason why many companies are struggling to adapt.

Firstly, if we look at companies as very simplistic models; we see that all companies are in essence - 'sausage machines' – receiving something as an input, then working with those multiple inputs in the middle to turn them into a product or service, to then send out the other end as an output. Now, how those companies do that process given the current business climate is entirely up to them (as long as it is legal) and that's how you get the difference between successful and unsuccessful companies. Now, we know the world isn't perfect, so to our model, we need to implement external factors/pressures. Once again, it is up to those companies how they deal with those external factors as to whether they will continue to be successful.



“Stay home – save lives”

With regards to COVID-19, imagine two identical companies, large workforces spread over a large geographical location. Both companies are successful however one ‘Company A’ has the mentality that ‘if it ain’t broke, don’t fix it’ and ‘we’ve always weathered the storm’. The other company, ‘Company B’ on the other hand is always looking to new ways of working and isn’t afraid to implement these new changes to be prepared if something was to happen. The Board of Company B is hands-on and understands what makes the organisation tick. They set the strategy of “what” needs to be done and delegate the “how” to their senior managers. Whereas, the Board of Company A are hands-off, managing the departments in the organisation as a portfolio of stand-alone businesses. Both companies have business continuity arrangements that involve alternative workplace solutions for priority staff should they not be able to use their offices due to fire, flood power outage etc. Both companies also have pandemic plans to deal with human resource shortages associated with sickness. Finally, both companies have a home working solution that (in theory) any staff can make use of. Suddenly, COVID-19 breaks and both businesses are hit with the prospect of sending all office-based staff home to work remotely for an indeterminate length of time. Which company do you think was in the best position?

Two identical companies – two very different outcomes

Company A was immediately thrown into instant disarray and confusion. They had plans and capability to work away from the office: but only plans and capability to do so for a prioritised subset of activity and a “close-packed” arrangement of staff at an alternative workplace. They also had home-working capability: but, due to the nature of the corporate culture, this had only used occasionally by management and most staff had neither the equipment or knowledge to

make it work. Contradictory information spread rapidly around the company and there wasn’t clear message sent down from the top. The different departments acted independently from one another and BAU basically came to a complete stop.

On the other hand, Company B, who recognised that “no plan survives first contact with the enemy” responded quickly. The Board at Company B immediately recognised that this was a crisis situation and creativity would be required to solve it. They recognised that although COVID-19 is a pandemic, and they would eventually need to invoke their Pandemic Business Continuity plans to cope in the face of the staff shortages, the immediate challenge was structural and strategic. Namely, they were going to need to implement an “Interim Operating Model” that allowed them to continue all activities in the face of the social distancing measures introduced by the government to reduce the spread of infection. They then needed to adapt their pandemic Business Continuity plans so that they could be invoked from that interim position. They immediately communicated this to the various parts of the organisation who worked together to come up with a viable solution. Due to the inclusive corporate culture, most employees were already familiar with the home working solution and were therefore able to transition to an interim operating model where everyone worked from home with minimal fuss, and most importantly, no loss of revenue generating activities.

If we circle back to Company A, they were not prepared to deal with the uncertainty of the situation. They eventually started to get their act together and ordered laptops and screens to send out to staff so they could work from home. They also spent several days training people how to use the equipment in addition to trouble shooting. However, their troubles were not over. There are distinct management differences regarding a remote workforce that Company A were not aware of. For example, they didn’t implement a remote

working structure of communication. This meant middle management had no way of measuring performance and productivity. Essentially the company was operating – but operating blind.

Sometimes structural risks appear out of the blue

In the face of the COVID-19 pandemic, we have seen many companies adapt creatively and rise to the challenge of implementing an ‘Interim Operating Model’. For example, many companies, who had hitherto only had meetings in person are embracing technology and holding highly successful and creative virtual meetings with software such as Zoom. Likewise, “water-cooler” moments are happening on platforms such as: Slack, Teams and WhatsApp. New alliances are also being forged and, in some cases, companies have completely re-tooled to produce much needed medical equipment. Organisations such as Company B, were already experimenting with digitalisation, so it took no time at all to become productive again. However, for organisations such as Company A, they had to embrace a whole new way of working and interacting, not to mention learning new software tools, and, at the time of writing, some are still trying to adjust.

In today’s world of hyperextended supply chains, global economic instability, and cyber risks it pays to be flexible as occasionally the whole world can turn upside down at a moment’s notice.

But what about the Business Continuity Pandemic Plans?

Now, you may be reading this thinking that the pandemic business continuity planning that both Company A and B carried was a waste of time as they now both have to rewrite them before peak sickness hits to account for the fact that the business is now operating differently.

However, it’s the activity of “planning” that is important rather than the plans themselves. “Planning” is all about understanding and sharing how things work and thinking about

what might go wrong so that you can rapidly construct a plan for any given scenario. Sometimes you are lucky, and exactly what you envisaged happens – but in most cases, you need to be prepared to use the knowledge you gained during the planning phase to come up with a new one.

No matter how hands-on the board of Company B were, they undoubtedly drew on the knowledge created through the business continuity planning activity when designing their interim business model.

Over the next two weeks, Companies A and B will each have to implement their pandemic business continuity plans to deal with staff shortages due to sickness. It is very likely that Company B has understood their new business continuity plan will need to account for a substantial number of remote working employees. Let’s hope that Company A has updated theirs to take account of how they are currently working, for all we know, another structural change could be lurking around the corner...

If you would like to learn more about “Interim Operating Models” and how they fit with Business Continuity, please get in contact.
