

How to access your Board/C-suite and make an effective case for business continuity investments

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ABSTRACT

With the board of directors on side, the world of business resiliency can take shape as an enabler of shareholder value, and will win over the resources necessary to implement a successful continuity operation. Without senior support, it may be an uphill battle to get the time and attention needed from various groups within an organisation. The right attitude and approach can have everything to do with future success. Delivering results and demonstrating an association with shareholder value will provide a platform to justify and even increase the investment in continuity-related activities. This will enable the development of a deep and lasting relationship with business partners and at the same time empower a drive of accountability throughout the organisation. Once progress is underway, it is important to test what has been developed. And, in case all else fails, it is critical to have established contingency plans through a well-formulated crisis management strategy. This may not only get a

company out of a serious bind, but may also regenerate interest in exploring the resources and support needed to ensure successful continuity for the organisation.

Keywords: *business continuity, risk management, strategy, investment management, portfolio management, board of directors*

INTRODUCTION

What is the value provided by business continuity and how can a case be made for further or maintained investment? This is a fundamental question faced by continuity planners and corporate executives responsible for business resiliency. Given the assumption that there are limits to a corporation's attention and resources across a myriad of operational and strategic investment opportunities, the decision quickly moves into the realm of capital allocation and portfolio management, ie there is competition for resources with other corporate projects. People do not often like to think of business continuity in this light, as it is considered more of a collaborative effort. However, the cold hard fact is that enterprises have limited funds and more investment decisions than they can reasonably handle; as such, if certain projects and proposals receive resources and funding, other investments will likely be put on hold, or removed from the portfolio altogether.

The business continuity department, and those responsible for this discipline, generally position themselves as being in business to provide a needed service to other business areas within the company, or to be the guardians of business continuity. By coaching and advising on activities such as business impact assessments, plan development and continuity testing, business continuity professionals

are playing their part in making the enterprise more resilient.

This is a good approach, and in many companies aligns with the appropriate level of attention and resources afforded to 'contingency' investments such as business continuity. In a perfect world, the level of return and risk associated with a given activity could easily be aligned to resource allocation for that activity. In reality, the challenge is to understand each investment decision as well as the overall investment portfolio, to identify how those decisions relate and impact each other in a more holistic approach, so the interdependencies can be mapped and understood. In this way, a corporation can consider all of its investments, interdependencies and associated risks, and make the right decisions to maximise shareholder value. To align with this strategy and to gain a share of corporate funding and priority, which is a great objective measure of how others view a person's value to the enterprise, the following guidelines have been produced to help along the way.

STAYING AHEAD OF THE ORGANISATIONAL CHANGE CURVE

By staying ahead of the organisational change curve, one stays in touch with the political climate of the corporation. Reorganisations seem to be a daily occurrence and, along with the changing of a business unit name, or the mission and vision, there is probably an accompanying change in leadership. New people bring their own ideas to the table, which may or may not align with the agreements and understandings of the past. This means keeping in touch with the changing tides of an organisation at the highest levels, as well as with the business units with which one has existing business engagements. In addition to func-

tion or process changes, the same is true for theatre leadership and direction, as well as executive sponsorship. Changing sponsors can lead to major disruptions in the investment pipeline to resilience activities. This reality should result in business continuity managers finding critical touch points across their organisations. This diversification of alignment with various groups enables the value of business continuity to be spread and ensures that it is appreciated by more than just the executive champion or sponsor today, but also for future potential sponsors and business unit leaders who may come into power. Coupled with unquestionable value delivery, this is crucial for success today and long into the future.

One cannot consider the topic of business continuity without first exploring the structural and cultural contexts of an organisation. Where does the business continuity function reside in an organisation, and more importantly, who is leading it? What is the general attitude of the company towards strategy and planning? All of these elements play a role in the success of business continuity within an enterprise.

Consider the larger equation of enterprise risk management (ERM). Irrespective of whether there is a whole department dedicated to it, ERM helps set up the business continuity function for greater success, with tighter alignment to a broader approach and classification of risk. This is where the curve on business resilience begins to turn, with a larger overall focus, which includes, but is not limited to, low-probability, high-impact events. In addition, with this approach, the business continuity function and the output derived become more relevant not only to the senior management of the organisation, but may also align with the interests of the board of directors, who are ultimately con-

cerned with the overall risk and investment portfolio, given their responsibility for corporate oversight. There is nothing stopping the business continuity function from being so positioned and, through the steps below, being involved with greater frequency.

DEMONSTRATING THE VALUE

To justify the existence of a continuity effort, or an increase in investment, business continuity must be proven to be aligned with the concept of shareholder value maximisation. Although these efforts may not produce a return on the investment, similar to purchasing insurance, there is an associated decrease in risk exposure, thus a value of investment can be achieved. But what services could be provided that would achieve more than just a decrease in risk exposure? What if it were possible to optimise the business, and even identify or create growth opportunities? This would help generate a larger sphere of influence in the organisation as well as enable business continuity goals to be achieved through others. The savvy business strategist is able to create an alignment of goals and future success with a diverse set of organisations in order to spread risks, and ensure that they make enough of the right bets on the future. In much the same manner, the savvy continuity leader will align their organisation's mission and vision with that of the future success of the company, always keeping an eye on how to enable the business to optimise and grow, while protecting their existing assets.

An example of this comes in the use of an integrated risk assessment. Often looked at as an auditor's checklist or a simplified business impact analysis, the results of a risk assessment can be much more than a simple list of the threats faced by a business and whether or not

a particular function has the right attention from a regulatory standpoint. A more advanced risk assessment can help create an awareness of the interdependencies between the severity, likelihood and management effectiveness of a particular event or situation. Through understanding of these elements, one can pick and choose those areas that appear to have the greatest gap between an inherent risk and the management attention and actions currently in place, to formulate a plan of how to close the gaps that present the greatest threat to shareholder value.

START SMALL OR BIG, BUT START SOMEWHERE

This risk assessment exercise can be performed at the enterprise or business unit level, providing a decomposition of a corporation's functions and process components. The information derived is useful in making resource allocation decisions from an exposure standpoint in two ways. First, by understanding what is most critical to the company, focus can be given to funneling resources to those activities. Finally, by understanding where a good job of managing risk has been done, as well as those areas which are viewed as less critical, finite resources can be reallocated away from these areas, avoiding a 'peanut butter' approach to funding, which spreads funds equally across the portfolio.

This risk assessment can feed information into the business impact analysis, as well as a larger risk management approach by the business in areas of investment and exposure outside of business continuity, which aligns to the overall goals of the group where the risk assessment is performed. This will enable them to make their business more resilient, with a broader set of choices around the transfer, prevention, mitigation (business con-

tinuity and disaster recovery) and finally the acceptance of risk. This will also begin to set up, at whatever level the risk assessment is performed, a risk tolerance or appetite, which can eventually be measured across an enterprise and rolled up to senior management and the board of directors for their guidance and approval. Understanding the broader risk tolerance of an enterprise will allow trigger points to be set for internal activities, which will bring the risk conversation to the table for investment analysis across the business. By now, one is well along the journey towards providing insight into areas of optimisation and growth, and out of the old business continuity practices of only protecting assets.

BE A GOOD BUSINESS PARTNER

By partnering with the risk owners and teaching them proper risk assessment techniques, a deeper grasp of their business and associated concerns can be gained, as well as developing a stronger influencing presence with those leaders. This is also a good position to point out relevant threats and areas for optimisation and growth across the portfolio as a deeper understanding of each of the individual units develops. This is a better position to facilitate cross-functional dialogue to get to the higher-level interdependencies and aggregation of business drivers, which provides increased value in the services provided and greater relevance in delivering shareholder value through the enablement of a portfolio investment approach as it relates to risks and capital allocation.

Most business professionals are too busy worrying about their functional objectives, at least initially, to think about risk management. By helping them understand what they need to consider from a

risk management perspective, value is added. Over time, that partnership tends to grow from one of viewing areas of protecting the business, to a hybrid approach of enabling the business to dynamically adapt to its environment. Bringing risk management expertise to the table is key in developing the relationship. The value of this expertise may initially be in the protection area, as many business leaders are not skilled at identifying the key issues and risks. There are many different levels to work at along this continuum and it must be judged, in each partnership, where to play strengths, and where to take a risk on new ideas and sharing optimisation and growth strategies that leverage the risk drivers and enablers within an organisation.

DRIVE ACCOUNTABILITY

This is one of the toughest areas to develop and maintain if in the unfortunate position of residing in an enterprise that does not carry any meaningful regulatory yardsticks related to business continuity, and/or work in a matrixed organisation. With an experienced continuity function, it would be relatively easy to go in and develop plans for each area of the enterprise, knowing that the average plan can be developed in 3.2 days including quality reviews, assuming the business provides the right subject matter experts and the schedules are open. But this approach is not as effective for the long term, as the business leaders of those respective areas are being held accountable for continuity and resiliency of their people, process and technology. Over the long term, a 'time and materials' approach will provide well-written plans that are likely to be read at the time of crisis (provided the right people know where they are). This may not, however, develop long-term operational resilience

that is broadly self-sustaining, requiring only lightweight oversight. In fact, with the time and materials approach, it is likely that a much heavier long-term oversight challenge will be created, along with a 'programme' mentality that requires constant attention and maintenance.

By placing accountability and responsibility in the operating units, where the risks exist, a much broader and more powerful risk management capability that can account for continuity will be developed, for starters, and eventually a larger view of risk management if it is decided to institute enterprise risk management. This approach to business continuity takes longer than the traditional approach, and is at times much more painful for the continuity professionals in the central organisation, who are constantly coaching, teaching and consulting with many different and new members of the initial programme team from each business function.

Over time, the programme within each of the units becomes self-sustaining, and requires less and less time as it develops, based upon the guidelines, templates and standards, and continuity plans that help to embed the discipline of business continuity into operations. Now, instead of having a central group of continuity professionals, a much broader and more diversified organisational competence for continuity is being built, setting the stage for a deeper risk management capability at the operational level. At this point, the most senior levels of the enterprise should sign off on the business continuity programme and operations as a requirement of the business continuity policy. This will further reinforce the level of commitment and accountability that the business leaders assume for ensuring the continuity of their business.

MAKE SURE CONTINUITY PLANS ARE IN PLACE

There are significant positive consequences in partnering with the business in this manner. For starters, a position of greater influence as a business enabler will be achieved, rather than simply a protector of assets. Having taught business partners how to take a proactive role, a much larger resource pool to consider capital allocation and risk management has been created (risk management is an enabler). Good business decision-making is promoted through consulting, teaching, partnering and influence.

The next step is to spread this process further into the organisation and into operations so that, as the organisation evolves, the discipline is maintained through operational activities at the business unit level, transcending the individuals involved and embedding into the organisation. Now that the risk management/business continuity department has been shown to be such a valuable asset, there will be appropriate recognition, with upward movement, challenging new assignments and greater responsibility. The practice will not be lost in the new portfolio of assignments, as it has already been embedded into the larger enterprise.

PROMOTE THE CONCEPT OF TRUST AND VERIFY

If there is any difficulty creating value through partnership and education, then the next best thing may be to organise a test. This will do one of two things: (1) prove that further partnership is required, along the lines outlined above; or (2) confirm a greater sense of resilience than previously suspected, freeing up time to focus on other less resilient functions. In general, nothing wakes a slumbering organisation more than a test to show them

how good they are, so they can pat themselves on the back, or how bad they are, which will motivate them to take action. In either case, the organisation's current status is clarified and, unless a drill is developed that is specifically designed to make the business continuity function look good, there are always lessons to learn from a good test, which can be used to improve business resiliency.

If the enterprise is not ready to accept this next level of portfolio investment management, accountability, partnership and value creation through risk management, there are still some alternative strategies to get to and through the front door. One way to develop awareness and put into place some level of resiliency is through the crisis management function. All organisations face some level of risk, and regardless of the level of preparation, a strong crisis management response is important. This takes on a greater level of criticality for those organisations that have not gone through a planning process to consider likely risks, and (more importantly) their impact on the organisation, to develop a strategy and plans to deal with those impacts. There are many proven structures for creating a crisis management team, either through the incident command system, or through another more tailored model that brings all of the functions of an organisation to the table to deal with a disruptive event. Because there are so many different approaches and proven methods, this paper focuses on the outcomes to be delivered by these teams, which provides a position for the higher-level value delivery outlined previously. For those organisations that do not plan ahead and are not willing to build a strong business continuity capability, it is important to ensure they understand that this lack of investment in continuity efforts will require a higher investment in crisis capabilities. This

brings the decision back to the realm of investment management and helps outline the impact of their actions in clear terms.

Developing a strong crisis management capability requires an understanding of the organisation's priorities; however, one can follow some basic tenets as a robust crisis approach is developed:

- *Employees:* Human concerns during a crisis will generally outweigh business concerns. Until those human needs are managed, no business will get done. It is important to focus on ensuring that employee safety and wellbeing are the top priority during a crisis. This will also provide a level of organisational stability from which to build the rest of the crisis response. Unless the business is 100 per cent automated, it will not go far without its people; it is therefore essential to focus the initial response. This will also help build employee morale and loyalty as they know there is a concern for their wellbeing.
- *Business capabilities:* The ability to bounce back from an event is one determinant of company resilience, in addition to a potential key competitive advantage in the marketplace. Extended outages of business capabilities will affect customers and shareholders, as well as the brand image. Outages can also result in financial loss if business is lost to competitors, or parts of the operation cannot be recovered, leading to missed opportunities rather than simple delays in sales due to a short outage. The ability to bounce back quickly is related to the planning performed ahead of time. Therefore, if continuity plans are not in place, it must be ensured that all the right people are at the table to make decisions to move forward, and that business continuity is

quick on its feet. This 'dive and catch' mentality is not likely to be sustainable over the long term; however, if the situation is not going to get any better, one must make the most of it. Given that, as identified above, not everyone will be focused on the business, and the 'optimal' person may not be at the table during the time of crisis, key resources and decision makers at least two or three layers deep in the organisation should be identified.

- *Customers:* Customers are the lifeline to success. How a company works with its customers in a crisis can help cement its relationship with them for the long term, or can drive them away, depending upon the company's response. It is vital to ensure the existing crisis structure enables the organisation to reach out to customers to understand how they have been hit by the crisis and react quickly to support their requests for assistance, or lend a proactive helping hand. The more critical the company's product or services are to its customers, the more scrutiny the response will receive, so it is essential to make sure either that plans and processes are in place ahead of time, or that the right people are at the table, with suitable alternates to deal with the situation as it occurs. The order of customers following business capabilities is to highlight that certain business capabilities must be in place in order to assist customers. That said, one can assess the current level of business capabilities at the same time as reaching out to customers or fielding their requests for assistance, so that once business capabilities are back online, there is a prioritised queue ready to deal with customers' needs.
- *Community:* Often overlooked in a crisis event, companies may have assets that they can make available to their local or

regional communities, and assistance in the form of people, products or cash. If communications have not been set up with the local community and processes for funnelling the necessary resources ahead of time, these should still be a part of the crisis considerations as the business continuity function assists in getting the greater business and social environment back up and running during and after a crisis, which will help get things back to normal for employees and the communities where they are living. This too helps provide a level of stability for employees and the business, and is a critical piece of a solid corporate social responsibility function. In addition, this will also serve as good PR for the company and improve brand image.

Whether a company is big or small, risk management and business resiliency can be critical elements in enabling the

business continuity function to protect, optimise and grow the product or service portfolio, and maximise shareholder value. Through a disciplined approach, or a less formal *ad hoc* structure, it is important to understand one's organisation and apply the most appropriate risk management approach. In taking on this challenge, one must consider value maximisation as the goal, in balancing the risk concerns of a single unit or across the entire enterprise. Through a value and results driven approach, there is a greater likelihood of achieving relevance within an organisation and becoming a trusted partner. Leveraging business continuity's strength in the area of asset protection, with an eye for areas in which to optimise and grow the business through understanding risk, will allow expansion of its footprint, deliver greater value to the business and align the function with multiple goals and objectives of the corporation.