Operational resilience

Constant change is the hallmark of business today – and business success depends on developing agile operations that can respond to change.

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There's much in business that's uncertain, but you can bank on one thing: you will go out of business if your operations cannot respond to unexpected change. That change could be anything from altered market conditions to unexpected catastrophe.

It's also worth stating the obvious here: the world is now a very small place, thanks to our connected business models. In practical terms, changes at the other side of the world impact us here in South Africa when once they did not.

Two examples will make that point. The Japanese earthquakes and consequent tsunamis in 2011 devastated the country, but they also affected electronic supply chains because factories manufacturing components were destroyed. And then consider Kenya's billions in wasted flowers and vegetables when the ash cloud from Iceland's Eyjafjallajokull volcano grounded flights to Europe for more than a week in 2010.

By contrast, the potential disruptions that the 2010 World Cup could have caused never materialised, thanks to good advance planning.

Companies need to develop organisational resilience to ensure agility in time of expected or unexpected change, from tsunamis to fluctuating exchange rates. Operational resilience covers a number of elements, but where do you start to ensure that your business keeps functioning during unforeseen circumstances?

One important component of operational resilience is business continuity. It plays an important role in increasing an organisation's capability to continue delivery of products and/or services at acceptable predefined levels and provide an effective response that safeguards the interest of stakeholders following a disruptive incident.

The good news is that the International Standards Organisation (ISO) has recently introduced a set of standards for business continuity management. The new ISO 22301 standard specifies requirements for setting up and managing an effective Business Continuity Management System (BCMS).

In other words, the new standard takes business continuity beyond risk management by providing processes for managing its implementation over the long term, and the measurement of its maturity. Usefully, the ISO has also produced guidelines in the companion standard, ISO 22313.

Business continuity begins with developing a detailed understanding of your organisation, right down to the maximum tolerable period of disruption for each product or service offered.

Thereafter, it's possible to define a business continuity strategy based on how to bridge the gap between the company's business recovery requirements and its current recovery capabilities. It's then a question of implementing, managing (and monitoring) the strategy over time: business continuity management, in fact.

This concept of managing the whole business continuity process is vital, particularly because it includes testing to see how effective the solution is. For this reason, companies will increasingly find that auditors are no longer satisfied with business continuity plans but are demanding proof that the solution has been tested and actions to address areas of weakness have been identified.

As the organisation's implementation of business continuity progresses, so will its resilience. ■