



Future Proof

Think ahead and set your business up for continuity through uncertain and unfavourable times

The speed and scale of COVID19 pandemic have caught by surprise, and so did the restrictions on movement of people and goods. The resultant crisis has taught that change and uncertainty are today's challenge and will remain as tomorrow's normal. Turn your business around to buffer against crisis and flourish in rapidly changing times by planning ahead and creating systems for business continuity.

Background

As you have progressed to recover your business and started work on growth opportunities, your business is truly getting back on track. The COVID-19 pandemic and lock down measures though taught that progress and business achievements cannot be taken for granted. Enterprises, including MSMEs, as well as society at large were taken by surprise, despite earlier knowledge of potential devastating health impacts of new diseases. COVID-19 brought to light critical deficiencies in future readiness – even though impacts could never have been fully anticipated and prepared for, improved foresight and contingency planning might have helped in early response and dampening negative impacts on health, society and economy.

It is all about future readiness, or the ability to succeed in uncertain, rapidly changing business and societal context and recover from an external disruption to business. Continuity is commonly regarded as the main objective – to get you back to running your business as before the disruption, selling products and services, in the shortest possible time after the disruption. As an ICT company you would want to be back on line and service your clients as soon as possible after a hack on your servers or an electric shortcut in your data centre, without loss of data and compromises to the security of your and your clients' data.

Business continuity: capability of an organization to continue the delivery of products and services within acceptable time frames at predefined capacity during a disruption

Disruption: Incident, whether anticipated or unanticipated, that causes an unplanned, negative deviation from the expected delivery of products and services according to an organization's objectives

ISO22301

The notion of continuity though is less appropriate and insufficient when the disruption has not only affected your business, but impacted on larger section of society and/or economy, as with the devastating COVID-19 pandemic. Social and economic life is already different since the pandemic started, with stricter and less

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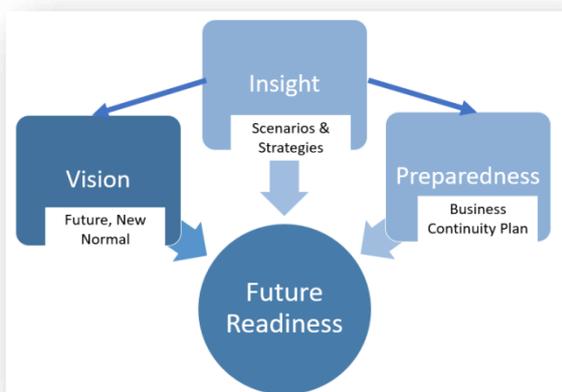
strict lock down regimes and disrupted supply chains and markets. And it is likely to be different again once economies and societies stabilize again on a ‘*new normal*’. Hence attempts to get back to pre-pandemic, pre-crisis conditions are simply unrealistic and will not be useful in maximizing recovery with limited resources.

Business continuity planning is thus central, yet insufficient. We all stand to benefit from advance warning and some scoping of what this future, new normal might look like. This is possible with a better understanding of major current and plausible future developments, or insight, and a vision regarding future business, markets and operations

Approach

You improve future readiness as a means to secure your business by being able to respond to and recover more effectively from plausible disruptions in the future. This reduces costs and lessens impacts on business performance should something go wrong. It also provides assurance to customers, suppliers, government, community and other stakeholders that your company has sound systems and processes in place. The required analysis of critical issues and areas of vulnerability will give you a better understanding of your business leading to improved performance and resilience.

You may think of future readiness in terms of preparedness, insights and vision. Preparedness concerns ability to respond and recover in an efficient and effective planned manner, through Business Continuity Plan. Insight is your personal barometer – your interpretation of what is happening in markets and society and what are likely continuing trends and plausible alternatives and deviations, that can be captured in scenarios and strategies. Related is the vision – what might be the requirements your business has to meet under different developments and how could you achieve those? In short, a view of the probable new normal, tomorrow and in coming months and years.



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Preparedness

Business Continuity Plan: know what to do

A well prepared and adequately resourced, up-to-date Business Continuity Plan (BCP) is the best indicator for preparedness. Following figure provides an overview for BCP development ⁽¹⁾.



Timetabled (recovery) objectives for your critical or key activities are the starting point. In what time period would you want your business to be back in business following a disruption? An hour, a week or a month, and to full or partial level. Next you zoom in on the vulnerabilities of your business – what external and internal factors or events can disrupt the normal course of your business and what would be their likely impact on your business performance in short term and longer run. You then identify measures, in three strategies: protection and mitigation (aimed at reducing likelihood and possible impacts before any disruption); incident response (aimed at immediate actions during the disruption to dampen and reduce its impacts); and continuity and recovery (aimed at efficient and speedy return to business after the disruption). Once measures are spelled out, you would need to make the necessary provisions – including a financial buffer, standard operating procedures, training of staff, back up of critical data, recipes and designs, etc.

The procedures for developing, maintaining and updating your BCP, comprise your business continuity management system. The International Organization for Standardization has developed a management system standard – ISO 22301. This standard provides the requirements your business continuity management system has to meet. These are related to: operational context; leadership; planning; support; operation; performance evaluation; and improvement. Certification is possible, either stand alone, or in combination with other management system standards, such as ISO9001 and ISO14001 (respectively for quality and environmental management). You should consider what added value certification is offering to your

¹ Adapted from: APEC (2013), *Guidebook on SME Business Continuity Planning*, Asia Pacific Economic Cooperation, <http://publications.apec.org/Publications/2013/09/Guidebook-on-SME-Business-Continuity-Planning>.



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business – could certification help you getting confidence from your stakeholders? And orders from clients or access to funding from banks or investors?

The value of business continuity management to your business though does not hinge on certification. The centre piece is the BCP – the more comprehensive and better resourced the BCP, the better prepared you are, and the more likely you can withstand a disruption with the least possible negative impact on your business. And, the provisions and resources you set aside to implement the BCP at critical time of a disruption.

Insight

Insight: know what might happen

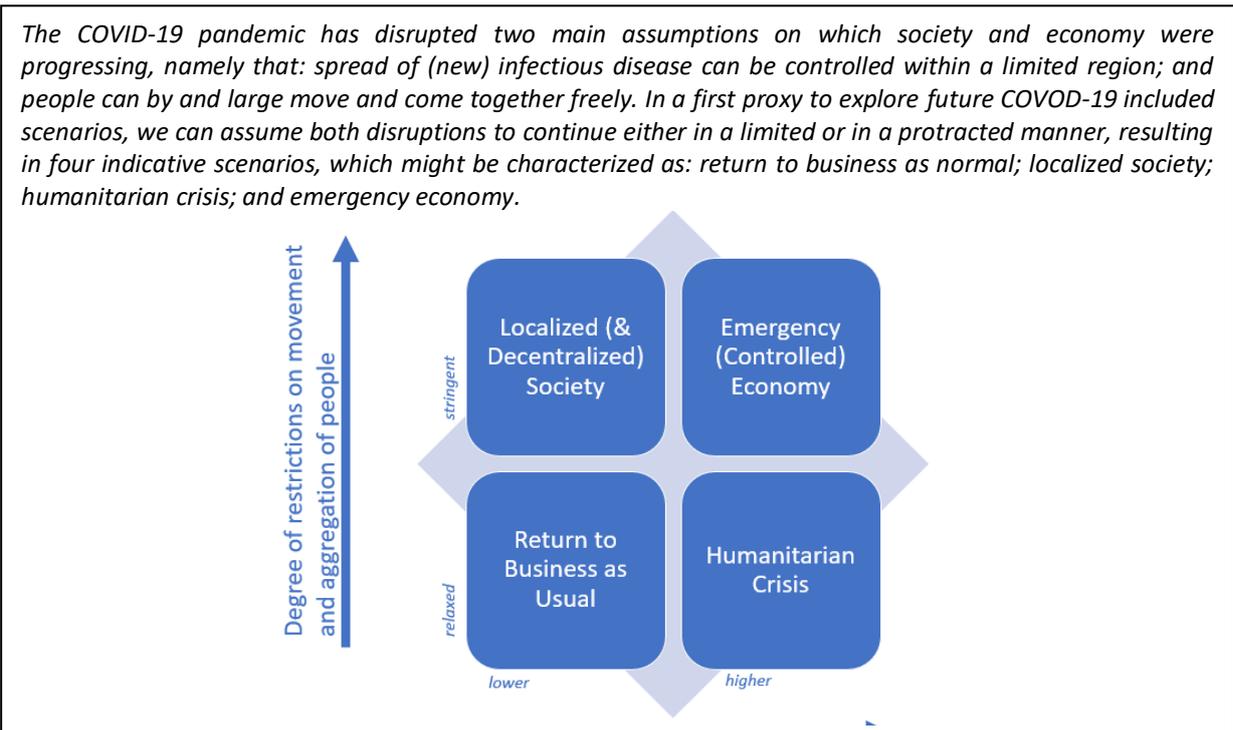
There are two dimensions to insight, to be informed what is happening and to anticipate what might be plausible to happen.

Being Informed: enterprising, or the ability to run an enterprise, includes a desire to be kept informed and abreast of any developments. In today's world there is more information than any of us can aspire to understand single-handedly. Common sense dictates you to focus and zoom in on information that is factual from a reliable source and relevant and material to your business. However, zooming in too narrow comes at the risk of overlooking developments that may seem far afield, yet may indirectly or in longer run pose a risk or present an opportunity for your business. Hence being informed is a balancing act, between zooming in and zooming out to get a fuller picture. Make sure you invest time and resources for information seeking and interpretation and record what you found and concluded so you can keep on checking and validating the assumptions your business is built on.

Anticipating: whereas being informed is largely reactive to developments taking place, anticipating is proactive and forward looking – what are plausible developments and how would these impact on your business prospects and operations. It is a common habit to see the future as a continuation of actual or perceived trends we observe in the present or immediate past. However, in reality though continuation of present trends into the future is uncertain. Major change and disruptions are equally normal, albeit less predictable, than continuation of past trends. In fact, future of business is surrounded by high degree of uncertainty – exploring and understanding what could be plausible, yet maybe not immediately likely, will put your business one step ahead.

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Scenario planning is an established business tool for exploring possible futures. However, scenarios mean different things to different people. Scenarios are not the same as forecasts, which are projections for the future based on continuation of present and historic trends. Future scenarios are based on pertinent deviations from current trends. A well-established scenario method for gathering future insight is based on analysing present drivers and zooming in on two thereof. Next, for each of these two different, yet plausible, alternatives are presented, typically a higher and lower variation (or a yes/no). Combining two variants for two drivers, maps a quadrant of four what could then be considered plausible scenarios. These could be developed and narrated, and then consequences for business explored. What might be impacts under each scenario on your sector, supply chains, region



and community? What choices does your business have to mitigate risks and/or grasp opportunities?



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Vision

Vision: know what to aim for

Society, economy and business have already changed since the emergence of the COVID-19 pandemic, in terms of, for example, awareness for infectious diseases, improved general and respiratory hygiene and acceptance of social distancing. The end point for the rebuilding from COVID-19 will certainly be different again – a new normal. We will not know exactly what this will mean until we have reached it.

The new normal though will be shaped by higher expectations from all stakeholders. Business owners have the duty of care to prevent infections in the workplace, through safe distancing, improved hygiene and changed operating practices. As health has gained in critical importance for all, the COVID-19 concerns may also boost standards and regulations for occupational safety and health at large. The tight interconnectedness of global value chains caused a ripple on effect of factory closures in different countries and states. To reduce such supply chain vulnerabilities, one may expect a move to more localized supply chains, and potential for redundancies in terms of alternative suppliers and supplies at critical stages in value chains. A move towards self-reliance at national or regional levels is also plausible. Unparalleled amounts of government funding are being committed for recovery and stimulus with the expectation of returns to society and progress towards the global sustainable development goals. You will be required to demonstrate commitment and show progress, not just in terms of profit, but also in terms of decent work, energy and environment, etc.

Technology will play a role. A few technologies that could gain traction in coming period are: e-commerce and robotics delivery; contactless payments; remote work; distance learning; telehealth; and online entertainment. Enabling policies, business models and operational modalities are likely to change in each and every corner of business and commerce.

You may want to explore and refine a new normal for your business. What could be your products and services? To who could you sell? How might your operations look like? How might your supply chain be set up? How can you manage people and other resources for efficiency and growth? What will be your relationship with the communities in which you operate?



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Today's Tomorrow

Talking about future readiness may seem far-fetched and not gather the interest and focus it deserves. Keep though in mind that the future is at our doorstep: yesterday's future started today and today's future starts tomorrow.

By and large the global scale and high speed of the COVID-19 pandemic and the rigorous measures needed to slow it'sspread, have caught governments, society and businesses by surprise, and highlighted vulnerabilities in the global health system, economy and trade. It is a stark reminder that driving business in cruise-control mode is a risky affair. An investment of time, effort and financing towards future readiness is warranted, and will undoubtedly be part of the future normal for running business.

COVID-19 crisis started with an unprecedented but not necessarily unanticipated infectious disease. A next crisis will always be around the corner and may have different origin – climate change, water scarcity, civil unrest or natural disaster.

Each and every business faces the challenge to manage between short term profitability and longer-term value of your business, with the latter under continuous risk of being significantly dented by a major disruption to business. It makes good business sense to calculate and mitigate the risks of stepping into the future, by improving insight and understanding of what is plausible to happen, to broaden understanding of how your business may look like, and prepare for disruptions that might happen to your business.