

Business management

Safeguarding your business through a Business Continuity Plan.

With the unpredictable business environment, one has to plan for the worse while strategizing for the best. Having a business continuity plan enables a business to be ready for any situation and shortens the period of response and recovery from risks or threats affecting the business.

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With the onset of the COVID-19 pandemic, many businesses have been affected. None were ready for a pandemic of this nature and magnitude. Its impact was so devastating that some businesses had to shut down. More than 20 percent of businesses in Kenya have fired workers. Some firms have reduced working hours of at least one employee (12%), reduced wages (8%), or granted leave of absence with or without pay (5% and 11 % respectively)¹.

According to the Allianz Risk Barometer, 2021 business interruption risk has been ranked first in the world for more than 5 years. It is followed by pandemic outbreak risk and cyber incidents risk. In Kenya specifically, pandemic outbreak ranks first followed by business interruption and market developments. The business environment is unpredictable mostly when it comes to natural disasters or problems that cannot be controlled or predicted. It is easy to come up with a financial plan with forecasts on how the business will perform up to 5 or 10 years into the future. But for disruptive issues, it may be difficult.

Therefore, a business needs to have a Business Continuity Plan (BCP). A business continuity plan (BCP) identifies the potential effects of disruptions to an organization's critical operations if a disaster were to occur, and specifies effective response actions and quick recovery measures². The purpose of the plan is to ensure your staff and assets are protected and can function quickly in the event of a disaster.

Business Continuity Planning Process

The process has five stages, that is, Analysis, Solution Design, Implementation, Testing, and Maintenance³.

Analysis

This first stage entails a review of the company's available resources. It's where management looks at the number of personnel they have and the assets the business owns. Categorizing them according to where they are found. For example, some business assets may be on-site while others are off-site. A threat analysis is then done by evaluating what kind of threats may affect either

the staff or the assets. In addition, impact analysis is also carried out to understand or rate the kind of impact the threats or disruptive issues may have on the business. The top-ranked risks that the business can analyze are business interruption, pandemic outbreak, cyber incidents, market developments, changes in legislation and regulations, natural catastrophes, fire/explosion, macroeconomic developments, climate change, and political risks, and violence⁴.

Solution Design

Once the threat and impact have been analyzed, management then embarks on developing solutions. There may be several solutions depending on the number of threats and the degree of impact expected.

Implementation

This stage involves putting into place the solutions that had been outlined and accepted. It may include policy changes, material acquisitions, or aspects of staffing.

Testing

After the solution has been implemented, the next stage is the testing stage. This is to enable the management to know if the solution will work in the event of a disruptive situation or a threat. Here the business can decide on which scale they want to test. It can be done by testing a small part of the organization (a few staff or assets), medium-size, or the whole business at large.

Maintenance

As the last stage of the process, the business will now focus on maintaining the system or solution from time to time, maybe semi-annually or annually, the management will be testing the solution to see its viability. In addition, since businesses keep growing, management should repeat the whole process once additional assets or personnel are acquired.

Finally, as Philip Crosby said, "*the world we are planning for today will not exist in this form tomorrow so every business should plan and be prepared for the future.*"

¹ World Bank Group – Socioeconomic Impact of COVID-19 in Kenya on Firms (2021)

² World Bank Group - Knowledge Note 2-4 Cluster 2: Nonstructural Measures: Business Continuity Plans

³ World Bank Group - Business Continuity Management Current Trends and Best Practices

⁴ Allianz Risk Barometer 2021