

Guide

Risk and business continuity management

Contents

Acknowledgements	1
Introduction	2
People and business continuity management	6
The HR checklist for enterprise-wide business continuity plans	10
Business continuity planning in action	12
Flu pandemic planning	16
Key resources	19

Acknowledgements

The CIPD would like to thank the Business Continuity Institute (BCI) for its significant contribution to the development of this guide and, in particular, Lee Glendon, Campaigns Manager at the BCI. Additionally we would like to thank Richard Bridgford MBCI at Abbey Santander for his professional support in reviewing the guide and ensuring technical accuracy.

The CIPD and the BCI would also like to acknowledge those organisations that contributed to the earlier workshop and round table event, whose contributions have informed this guide and/or have provided case studies for this guide. These include Abbey, Bircham Dyson Bell, BT Group, Melton Borough Council, ICM Business Continuity Services, AXA-ICAS, Docleaf, and 3n.

Introduction

The need for improved productivity and efficiency has resulted in organisations having less resilience to cope with emergencies and emerging threats due to flatter organisational structures, which means less ability to absorb disruptions.

Despite the commercial pressures, organisations need to pay greater attention to the impact of critical events on employees, their families and the community. After all, business recovery cannot occur without employees. HR plays a strategic role in promoting trustful and prepared leadership throughout the organisation to help reassure employees of their safety.

Reputational factors are much more important in modern times; stakeholders, whether media, customers, suppliers or investors, want to see a well-managed and responsible business.

Involvement in risk assessment and BCM fits very much with the strategic role of HR.

HR has a duty to make sure that organisations are aware of the human side of a crisis and plan ahead to minimise its effects.

HR professionals cannot predict the future but they can help their organisation prepare by identifying the most critical issues that could influence the workforce in the future.

The purpose of this guide is to explain the methodologies behind risk management and where HR should make a contribution in planning and executing the resulting plans.

What is risk and business continuity management?

Good corporate governance demands an effective and transparent risk management policy and management system.

Risk management is now becoming an established organisational discipline. Identifying risk, assessing

its likely impact, establishing mitigating options, deciding optimal actions and implementing decisions are becoming part of the normal agenda for all lines of business. Among different types of risk, 'people risk' is now seen as one of the top ten threats to an organisation's earnings, according to research by PricewaterhouseCoopers (PwC).

Risk management is a commonly used term that covers a number of activities and methods. The extension of traditional risk management techniques to an entire organisation has become known as enterprise risk management (ERM) and HR has a key role to play here.

HR needs to be involved in BCM on two levels: first, to ensure that the organisation has fully considered workplace issues that may arise in the event of disruption, such as an influenza pandemic; and second, to plan to ensure its own continuity under such circumstances.

Typically, risk management will evaluate all risks across an organisation and rank them based on impact and probability. It will look at a number of treatments for identified risks and typically look to insurance as a means of transferring the risk of an adverse outcome.

Insurance as a means of tackling risk clearly covers the financial impact of a disruption; however, plans are also needed to ensure the continuity of the business of the organisation affected by the disruption. This is where the BCM methodology comes into the picture.

At a practical level, HR is likely to be exposed to business continuity management (BCM) on a recurring basis. So what is it?

BCM is focused on keeping the organisation working in the face of disruptive events. The methodology is therefore focused on dealing with events that have a major impact on the organisation quickly.

While risk management will consider all threats, BCM will focus on impacts and on developing an organisational programme to deliver a more resilient organisation. What is important to understand is that many threats to an organisation, whether external or internal, have similar impacts.

For example, a flu pandemic, industrial disputes, transport network disruption or terrorist action will all have the same impact, namely a loss of people available to work. The severity of the impact will differ depending on the duration of the disruption; however, preparation around 'loss of people' has many re-usable aspects across differing disruptions.

It is this relatively straightforward way to develop plans around the impacts that affect an organisation that makes BCM an effective risk management methodology.

The BCI has identified seven core impact areas to be considered in BCM planning:

- reputation
- customers
- supply chain
- people
- information and communication
- sites and facilities
- finance.

The UK Government's Cabinet Office conducts annual research with the Chartered Management Institute on the threats experienced by UK organisations. The surveys show that just half of UK organisations have a business continuity plan covering critical business activities. Regulated industries and the public sector are among the highest adopters.

For the purpose of this guide, the focus will be on people; however, the other impact areas will all have secondary effects on people as well.

In summary, insurance as an instrument of risk management may provide financial compensation to the organisation – eventually – but BCM focuses on the ability of an organisation to serve its customers and protect its reputation as a well-managed business.

Why is HR involved?

A recent survey carried out by the BCI revealed that HR professionals agree they are in line for the call when a people-affecting incident occurs. Likewise those HR professionals who have looked into BCM overwhelmingly agree they have a key role to play. HR see their role is to resolve staff issues in a crisis (66%). This view is much stronger among HR professionals who have been involved with an incident (80%) and those who had been involved in an exercise in the past 6–12 months (75%).

Clearly employee absence carries a significant cost to an organisation, with staff costs reaching as much as 80% of overall organisational expenditure, according to the CIPD, and average absence levels representing a significant cost.

In addition to the cost of covering and managing staff, there are also the costs of damaged productivity and performance, reduced staff retention due to overstretched staff and damage to the brand when service levels suffer.

What are the benefits of HR involvement?

- staff retention and increased resilience
- speed of recovery
- improved understanding
- minimise disruption
- better understanding of service impacts and therefore more accurate planning
- staff goodwill leading to a greater willingness to work and deliver greater performance when it is most needed
- staff are more likely to follow the plan
- increased flexibility to deliver the plan
- long-term positive impact on staff
- litigation defence – keeping a record during an incident is important
- the ability to continue to deliver a service in spite of the disruption.

Who else is involved?

BCM is cross-functional by its very nature. The BCM manager is primarily a programme management and facilitator role – the plans to ensure continuity of the business are owned by the areas of the organisation that need to protect key value-creating processes or assets. The cost of developing and maintaining the required

level of preparedness needs to be met from these groups.

Those involved in the process will therefore differ from organisation to organisation, reflecting the business and operating model. However, by considering the seven impact areas, it becomes clear which areas should be involved. For example, at BT plc the crisis management team includes a dedicated Business Continuity Programme Manager, the HR Director, the Chief Medical Officer and the Director of Communications, with the Chief Medical Officer leading the team. Procurement is increasingly important in BCM programmes due to extended supply chains and increased use of outsourcing and offshoring.

During the early phases of implementing BCM in an organisation, specialist BCM professionals will be needed to manage projects, co-ordinate plan developments, organise exercises and tests and validate BCM capabilities.

In a more mature BCM organisation in which these techniques are embedded at functional level, the role of the BCM manager will move to a policy-setting, governance and quality assurance activity, possibly reporting through the head of risk management, audit, compliance or company secretariat.

What do I need to do?

Page 10 of this guide sets out what HR needs to consider for an effective enterprise-wide BCM programme.

Page 11 of this guide sets out the essential considerations for a plan for the HR function itself.

Case study – the importance of people in Abbey's BCM planning

Driven by the experience of the London bombings and regulatory pressures to be prepared to face an influenza pandemic, Abbey's HR and BCM team joined forces to deliver a comprehensive people programme.

HR at Abbey is constantly reviewing people-related policies, considering issues such as whether the policies will hold up during a crisis, whether they need to be amended and whether there are any legal implications of doing so. This policy review is conducted around specified scenarios, such as pandemics.

Richard Bridgford, UK BCM Manager at Abbey Santander, commented: 'In a crisis, line managers will want help as normal procedures may not apply. They will want guidance from HR on any agreed changes to working practices.'

Key aspects of Abbey's approach include:

Crisis Management Team (CMT): As a core member of the CMT, HR provides guidance to the team on people-related issues, including evacuation, welfare, whether to invoke the HR incident line, alternative travel arrangements and what to communicate to staff.

HR incident line: Operated from within the centralised HR function, the incident helpline is invoked in those instances where there are possible casualties or missing staff as a result of an incident. Invoked by the CMT, the line is staffed by qualified HR consultants trained in how to deal with distressed callers. All Abbey staff are provided with an emergency credit card, which includes the incident line number. Information on the hotline is updated on a regular basis. The facility enables line managers to keep the central crisis team up to speed on the whereabouts and well-being of staff. Ongoing welfare and support for staff is also provided via an employee assistance provider.

Exceptional travel arrangements: Abbey has considered transportation plans in the event of the need to relocate. Key staff have been identified, including details of where they are located, and coach companies are on standby to transport them if required. There are also plans to ensure that, if the relocation site changes, the new details are passed on to the coach companies.

Other steps that Abbey employs to ensure that people are central to their plans include:

- engagement of the union in their approach to BCM
- use of ongoing awareness processes – through induction, e-learning and staff guide books.

Abbey's approach to a flu pandemic: As part of the tripartite exercise conducted in 2006, Abbey had to tackle an absentee level situation rising to 50%. The organisation has implemented a pandemic plan and also a specific HR pandemic plan. A people audit has been conducted to identify critical staff, deputies, travel arrangements, carer commitments and succession planning. Abbey has also prepared an occupational health and safety document, which provides guidance on general welfare and links to key information. Plans also include provision of a centralised 'absence' line to help monitor staff and also to record information on reasons for absences. Finally, consideration has also been given to the provision of personal protection and property cleaning products.

'Ultimately if HR is involved in the process then this leads to better control when a major incident occurs. A BCM programme that fully reflects the human dimension of major disruptions is essential to protect an organisation's people and reputation,' concludes Richard Bridgford.

People and business continuity management

This section outlines the BCM methodology as set out in the BCI's *Good Practice Guidelines* and as essentially described in the British Standard for BCM, *BS25999*. A public document detailing the human aspects of BCM is expected to be published by British Standards at the end of 2009.

From an HR function perspective there are two levels of involvement with BCM: HR as a champion of workplace issues within broader organisation-wide processes, and business continuity of the HR function itself when faced by a major disruption, such as a flu pandemic.

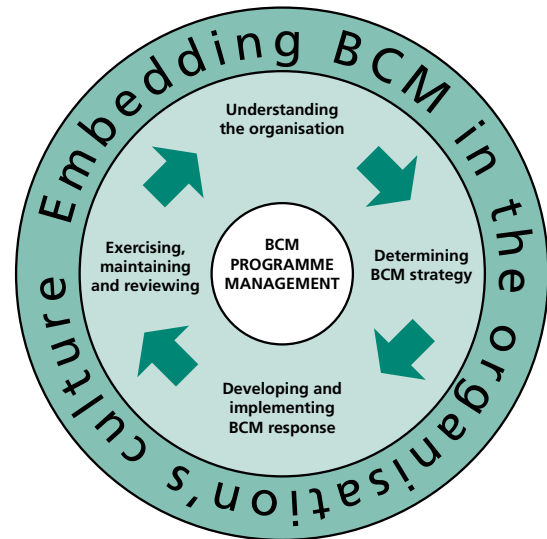
Business continuity management is a holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and that provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

Phase 1: policy and programme management

The BCM policy of an organisation provides the framework around which the BCM capability is designed and built. It is a documented statement by the organisation's executive of the level of importance that it places on BCM. It describes the scope of the programme and assigns responsibilities.

It is critical to start at the top. If a pandemic does increase in severity, will your chairman be happy to stand up in front of shareholders and say you did not see it coming or you have done nothing to protect the business? There are clear legal and reputational issues at stake when a lack of rigorous risk and BCM is exposed.

HR professionals are the experts in workplace issues and are often responsible for 'people and culture' within an organisation. It makes sense that HR is in



the vanguard in pushing business continuity plans beyond their traditional focus on sites and systems and putting human aspects central to considerations.

Phase 2: understanding the organisation

To be able to develop an appropriate BCM programme you must first understand your organisation and the urgency with which activities and processes need to be resumed if they are disrupted. These questions need to be asked:

- What are the objectives of the organisation? (that is, the corporate strategy)
- How are the business objectives achieved? (that is, the business and operating model)
- What are the products and/or services of the organisation?
- Who is involved (both internally and externally) in the delivery of products and services? (that is, critical assets and processes)
- What are the time imperatives on their delivery? (that is, how long you can continue without them).

Business impact analysis

Business impact analysis (BIA) is the foundation of the BCM methodology. It identifies, quantifies and qualifies the business impacts of a loss or disruption of business processes so that management can determine at what

point in time these become intolerable and thereby set a so-called 'maximum tolerable period of disruption'. It therefore provides the information from which appropriate continuity strategies can be determined.

Risk assessment

Example people-related impacts

- loss of key skills
- non-access to work tools and systems
- absence of staff from workplace
- non-access to work location
- loss of morale or commitment

In the context of BCM, risk assessment looks at the probability and impact of a variety of specific threats that could cause a business interruption. Risk assessment activity should be focused on the most urgent business functions identified during the BIA process.

The UK Government produces a National Risk Register, which looks at external events likely to cause disruption. The major risks identified for the UK are flooding, pandemic and acts of terrorism.

This information is available from the UK resilience website:

www.cabinetoffice.gov.uk/ukresilience.aspx

Annual research by the Chartered Management Institute and the Cabinet Office monitors some 17 threats or causes of disruption to organisations.

Loss of IT and telecommunications have consistently been the highest contributors to disruption experienced by organisations (40% and 23%). Organisations that have BCM plans will typically consider loss of IT and telecoms as well as loss of access to a site for any number of reasons. Less common are plans to deal with an absence or loss of people.

Phase 3: determining continuity strategies

This section is about determining and selecting BCM strategies to be used to maintain the organisation's business activities and processes through an interruption. These strategies will consider alternative operating methods to be used after an interruption

to maintain or resume the organisation's business activities and their dependencies to a priority and timetable determined in the BIA. Additionally, the strategy will set out how to protect vulnerabilities and single points of failure in business-critical processes identified in the risk assessment.

There are two core levels to strategy-setting in the BCM methodology. The first level concerns *corporate strategies* – these are decisions and objectives set by management in respect of the recovery time for each agreed critical activity based on the 'maximum tolerable period of interruption' identified in the BIA.

The second level concerns *activity strategies*. At this level the complexity of interdependencies between services, business processes, data and technologies needs to be analysed and appropriate tactics chosen to address the needs of people, skills and knowledge, premises, IT and information, equipment and stakeholders. The organisation also needs to understand the role of local emergency responders and reduce the likelihood of specific perceived threats and take appropriate action to mitigate the impact of events.

There is a third level, which is termed resource-level consolidation. This step consolidates the resource requirements of the various business activities across the organisation and ensures they can be met, both in scale and within the required timeframe.

Phase 4: developing and implementing a continuity response

This is the plan-writing part of the methodology. HR may already be involved in the crisis management or incident management plan, but this section outlines the role for HR in supporting the organisation's business continuity plan and writing a plan for the continuity of the HR function itself.

The aim of the various plans covered in this stage is to identify in advance, as far as possible, the actions that are necessary and the resources that are needed to enable the organisation to manage an interruption, whatever its cause.

The key requirements of an effective response are:

- a clear procedure for escalation and control of an incident (incident response structure)
- communication with stakeholders
- plans to resume interrupted activities.

Melton Borough Council (MBC)

On 30 May 2008 there was a substantial fire at the council's offices, destroying two-thirds of the building. Fortunately MBC did have a disaster recovery contract – a purpose-built facility for 50 staff located in Nottingham. It was agreed with the insurance company that buses would be used to transport staff rather than deal with large numbers of individual claims to the recovery site. Buses were used to move staff to the recovery site in Nottingham. This was a 50-minute journey each way. It took four-and-a-half months to refurbish the damaged offices.

Naturally, flexibility is required from staff in difficult times, both in terms of role and location. As many local authority staff tend to take the jobs because they are local and offer flexible working hours, trying to run operations from Nottingham would be a major change. The council therefore offered individual flexibility to staff where it could.

Very quickly a local agreement was set up to compensate staff for inconveniences and staff received £200 each (paid for from the Council's insurance company.)

HR's role in this situation included arranging counselling to staff. HR also lost all of their staff records in the fire which had to be rebuilt afterwards. This included the personal files with everyone's contact details. Communication was initially through the web site and a staff page was quickly utilized. Staff volunteered their own contact details including home and personal mobile phone numbers. Regular staff briefings took place in the weeks that followed both in Melton Mowbray and Nottingham to keep staff up-to-date with the quickly changing circumstances.

There are three essential plans:

The incident management plan – known also as the crisis management plan. This plan is owned by the senior

management at the organisation. As experienced with the influenza pandemic, certain words may not be helpful in communicating the right message – if you say that you have activated your crisis management procedures then people will think you have a crisis – 'incident' is a less emotional word and can cover anything from an outage to a major life-threatening event. The focus of this plan is to deal with exceptions to the agreed response plans along with media and external stakeholder management.

The business continuity plan (BCP) – the purpose of the BCP is to provide a documented framework and process to enable the organisation to resume all of its business processes within its recovery time objective following a disruptive incident. The plan should be action-oriented and should therefore be easy to reference at speed and should not include documentation such as the business impact analysis.

Those using the plan should be able to analyse information from the response team concerning the impact of the incident, select and deploy appropriate strategies from those available in the plan and direct the resumption units according to agreed priorities. The components and content of a BCP will vary from organisation to organisation and will have a different level of detail based on the culture of the organisation and the technical complexity of the solutions.

A checklist for HR professionals can be found on page 10.

The activity response plan – the activity response plans cover the response by each department or business unit after the incident. These plans provide the operational response to the incident by each department of the organisation. Examples include:

- an HR response to welfare issues in an incident (refer to page 11 for help in writing a plan for the HR function)
- a business department plan to resume its functions within a predefined timescale
- an IT department's logistical response to the loss and subsequent resumption of IT services to the business.

Phase 5: exercising, maintaining and reviewing

Exercises are a fundamental aspect of good BCM practice, enabling plans to be revised, refined and updated before weaknesses are exposed by real disruption.

In the Cabinet Office survey, over half of managers who had a business continuity plan reported that they undertake an exercise of their plans once or more per year. A clear majority of those who test their plans confirm that rehearsals expose shortcomings, thereby enabling them to make improvements to their plans.

A BCM capability cannot be considered reliable until it has been exercised, then maintained and audited.

Exercising

The development of a BCM capability is achieved through a structured exercising programme. To be successful an exercise programme must begin simply and escalate gradually. General advice is that when an organisation is new to exercises it is good practice to inform people in advance that it is indeed an exercise. As an organisation becomes more familiar and buys into the value of the exercise, it becomes possible to provide less notice. The engagement of senior management is essential so the exercise must have the scope to not only consider the immediate incident but also medium- and longer-term consequences.

Maintenance

The BCM maintenance programme ensures that the organisation remains ready to handle incidents despite the constant changes that all organisations experience.

Review

An audit function is one of self-assessment or impartial review against defined standards and policies and to provide remedial recommendations.

Phase 6: embedding within company culture

Developing a BCM culture is vital to maintaining enthusiasm, readiness and effective response at all levels. The BCM methodology focuses on three areas:

- **Assessing BCM awareness and training** – before planning and designing the components of an awareness campaign, it is critical to understand what level of awareness currently exists.
- **Developing BCM within the organisation’s culture** – designing and delivering education, training and awareness.
- **Monitoring cultural change** – the awareness campaign should be reviewed as an ongoing task to identify any effort required to maintain it at an acceptable level.

Organisational culture is critical in the ability to deal with disruption. The organisational culture needs to allow people to recognise and flag up issues in a changing environment. If there is any reluctance in two-way communication and/or in willingness to challenge decisions made, then the crisis may worsen and employees may disengage.

Communicating in a crisis

Communication messages need to be mapped out and prepared in advance. What is communicated and how it will be communicated will need to change as the crisis unfolds. A key aspect of communication is how this changes when shifting from low- to high-stress situations. Research presented by 3n indicates that it takes longer to process information in stress situations and, as time is of the essence in such situations, communications need to be simple.

Low stress	High stress
Recipients process average of seven messages.	Recipients process average of three messages.
Information processed at average grade level of about 10th grade in the general population (15–16-year-olds).	Information processed at 6th grade level or below. This is a drop of four grades for the same person.
Focus on competence, expertise and knowledge.	Focus on listening, caring, empathy and compassion.

These changes in comprehension ability are even more marked for non-native English speakers. It is therefore worth considering translation into multiple languages if the workforce has significant numbers of foreign nationals.

Credibility is a further key aspect of effective communications during a crisis and has three characteristics:

- The more familiar the source to the receiver, the greater the level of credibility, for example supervisor to staff.
- A person known can be more credible than an anonymous person, for example a news reporter. Always make sure your information is accurate and trustworthy.
- Ensure two-way communication. As a minimum provide an FAQ sheet.

The HR checklist for enterprise-wide business continuity plans

Many aspects of dealing with the human side of major disruption are already covered through health and safety and crisis management procedures; however, the link between successfully dealing with these issues

and business continuity objectives are often less clear. The following table details a list of questions to help understand how comprehensive your organisation's thinking is around the subject.

Does your plan require cross-training of staff in critical areas?	Does your plan cover common people-related impacts, such as high and extended levels of absence?
Do you review people-related policies to consider whether they will hold up during a crisis?	Do you have sufficient flexibility in contracts to deal with the need for change of location, extended working hours or other changes to working terms and conditions?
Is succession planning evident in the plan?	Do you have a process for locating staff to ensure that they are safe?
Are there specific details within the plans, for example dealing with absence levels from 15% to 50%?	Have you reviewed your travel policy to accommodate the need for flexibility during and after an incident?
Is it clear how communication with staff will be handled? Have messages already been written for each stage of the crisis?	Do you regularly involve and brief staff on the organisation's business continuity plans?
If you are letting staff go, are you auditing the skills that are being lost against critical processes or assets?	Is there a business continuity champion within the HR function?
Do you have counselling arrangements in place to provide help for staff in the aftermath of an incident?	Have you surveyed staff on their expectations of the company's response to a crisis?
Have you considered how you will deal with staff with special needs requirements at any disaster recovery centre or alternative site?	Do you have a staff information line or HR incident line?
Are you confident that all staff contact data, including next of kin, is current?	Do you have established methods for monitoring threats and receiving government advice, for example for pandemics?
Do your exercises go beyond a regular fire drill evacuation?	Have your response plans considered duty of care and reputational implications?
Is HR involved in the organisation's crisis management team?	Is there a consistent HR approach across all service areas or lines of business?

Scoring: Give yourself one point for each area covered in your plan. Deduct one point if it is absent and score zero if you don't know!

How did you score overall?

0–15 points:
16–20 points:
20+ points:

More thinking to be done.
Good position to push towards excellence.
Excellent coverage of the issues.

Writing your own plan for the HR function

If you have a BCM practitioner available to your organisation then work with them to develop an appropriate plan. In the absence of such help, you need to focus on the following elements of the model outlined earlier.

Step 1

What are the key HR processes that need to be prioritised in the event of a major disruption? These might include staff communication processes and payroll, whereas recruitment and performance reviews may be stopped altogether. It is better to think about processes rather than fixate on individual members of staff. Examining the process will reveal key staff.

What are the key HR assets that need to be prioritised for protection, for example staff information, absence management systems?

Step 2

In the event that there is a disruption, the key requirement is to understand the time sensitivity of the disruption to HR's critical processes and assets. If payroll is delayed, how much of an impact will this have and therefore what steps need to be taken to minimise this impact?

Step 3

Part 1: Decide on the response that is needed to minimise the impact of the disruption and that allows the smoothest recovery to normal operations. This is the activity response plan referred to on page 8.

Part 2: During the disruption you will need to plan how you will respond and what messages you need to communicate to other staff within HR and the rest of the business. This is the incident management plan referred to on page 8.

Step 4

Test the plan by running an exercise. This could be a simple two- to three-hour exercise discussing roles and responsibilities based on a specific scenario, such as absence levels within the HR function reaching 50% due to a flu pandemic. Learn from the exercise and update the plans as required.

So far we have covered the essential elements of a people-oriented BCM programme. Now we move on to deal with matters experienced in implementing real plans in the real world.

Business continuity planning in action

Alternative locations and recovery sites

According to research, 81% of organisations with more than 1,000 employees report that they have access to an alternative office or work site in the event of a major disruption. However, the requirements of staff with special needs at recovery sites are not well considered. Fifty-six per cent of organisations surveyed have not considered the needs of such staff. Clearly not all staff may be needed at a recovery site; however, those that are critical need the same level of support as at the normal work location.

When an organisation has moved to a recovery site, staff will find themselves in unfamiliar surroundings, away from the normal office environment that they are used to and without access to some of the normal business facilities. There are therefore a number of technical, business and people motivation issues that need to be addressed.

People-related considerations can be reviewed in three broad categories

Technical issues	Business issues	People motivation
Transport to/from site	Flexible working hours	Two-way communication
Catering	Flexible business processes	Familiar faces in support roles
Toilet and social spaces*	Confidentiality on shared sites**	Counselling support
Special needs requirements*	Dealing with customers and suppliers at the new site	Progress reports on 'return to normalcy'
Religious needs*		Maintain integration with those staff not on site
Personalisation*		

*These are likely to be restricted or non-existent unless pre-agreed.

**It's likely that you will be sharing the site/building/floor with other organisations.

Some simple steps can be taken to enable a smoother transition.

- Review staff contracts to make sure that they include clauses relating to working off site.
- Review the recovery site facilities to make sure that they are adequate for your needs: consider technology, on-site facilities, travel arrangements, car parking, security, health and safety issues, and so on.
- Conduct regular rehearsals to familiarise staff with the site or, if not possible, make staff aware of the existence of the site, outline the facilities available, details of where it is located and photographs of the location so that they have a degree of familiarisation with it.
- Find out who else may be using the site and ascertain what the impact may be on the facilities of multiple invocations.
- Make sure you would have access to the site(s) for the scenarios around which you are planning. For example, pandemic flu is unlikely to be an invokable incident.
- Allow for flexibility in people's work schedules to allow them to deal with travel, family or personal issues.

Outsourcing, shared services and business continuity

Organisations that outsource may do so for many reasons, although greater cost efficiencies would seem to be a common driver. From a business continuity perspective, it is important to note that if the outsourcer fails, then the organisation still has a business continuity issue.

It is therefore important to reassure yourself that, if you are relying on your outsource partner in a disruption, or if they are faced with a disruption, you can continue to deliver your critical services. This includes them having considered the issue of a loss of people, so you might want to understand their approach to looking after people in similar situations and not assume that they have plans in place.

Research from the CIPD and Leeds University Business School shows that 29% of organisations currently outsource HR activities, with 20% reporting a big increase in the use of HR outsourcing over the past five years. This compares with 89% of organisations that have outsourced some parts of their business.

The rise in the number of HR shared services (HRSS) operations has been accompanied by a greater number of HR processes being delivered via the HRSS model – typical processes that are outsourced include recruitment administration, payroll administration and employee data maintenance information.

Elements of the BCM response could be moved to a shared service centre along with other HR transactional activity; however, the policy element and understanding the business are key strategic areas that cannot be outsourced.

The rise in HR outsourcing offers a real opportunity for HR professionals to fulfill a more strategic role. With HR outsourcing certain to be a growing reality, the profession needs to ensure it has the skills, capabilities and self-belief to adopt a more strategic role.

Post-incident counselling

According to a BCI survey of HR professionals, staff counselling arrangements are very well established, especially in the public sector. The results show that 62% of organisations have such arrangements in place and in the public sector this figure reaches 88%.

People do not react in a linear way during a crisis – it is therefore important to not think ‘mechanistically’ in anticipating the human response to crises. Experience shows that human reactions to crises can be identified, acknowledged and managed, but not ‘controlled’.

Critical staff

Critical staff will be identified as part of the business impact analysis. They will be under pressure to implement the crisis response. They are affected by a strong empowerment theme, in which they are in the thick of the action. Their focus is on minimising the impact of the event and getting the business back on track as quickly as possible.

Circumstances require an immediate response, where they must make key decisions under extreme pressure, all potentially under the glare of the media spotlight. They will be expected to deliver despite the severity of the situation. They will find themselves dealing with stressed, traumatised, confused and perhaps angry staff members, and may also have to deal with family members.

Non-critical staff

In contrast, non-critical staff, as defined in the business impact analysis, may find themselves in a ‘passive theme’ where they may have issues of disempowerment. They are recipients of the disruption caused by the incident, and may find themselves lacking direction during the crisis. They may experience levels of uncertainty and helplessness, feeling outside of the communication loop and more an observer than an active participant, as they had previously been in their ‘business as usual’ role. This can lead to anxiety about their future job stability.

Research shows that early intervention and/or response in dealing with the psycho-emotional impact of crises directly correlates with reported incidences of absenteeism, sick leave, decreased productivity issues,

and personal and professional conflict issues. Advice is therefore as follows:

- Remember that a staff member may have family members who may be reacting to the incident and thus be an additional source of stress for the employee.
- Make sure to have an employee assistance programme (EAP) in place. Effective EAPs are a great resource for mitigating short- and long-term effects of trauma and crisis.
- Provide training to your staff, enabling their participative response to a crisis.
- Train managers and supervisors to recognise the signs and reactions of employees struggling towards recovery.
- Ensure that supervisors, managers and heads of department have additional support for themselves. An EAP may be able to help here.

How can you deal with tensions post-recovery?

It is important to allow people to talk. Consider working with other people and organisations that may have been affected by the event. These people will be more comfortable talking to each other because they have shared the same experience. Talk through the event as part of any debriefing process. It is vital that companies allow space for this to happen. Talking will help people to normalise the problem and acknowledge that they are not alone in feeling the way they do. Build in the option of seeking external support. Following a traumatic incident, it is also very common for people to consider leaving the organisation.

A further factor to consider is 'scapegoating'. Some incidents involving terrorism or crime can create finger-pointing and suspicion about who the culprits might be. The media can draw attention towards certain groups or segments of the population, which can raise tensions among employees. To prevent such situations, company leadership needs to be clear and direct about policies of discrimination.

Legal factors and constraints

There is often significant disagreement and uncertainty about how to respond to questions with legal and reputational consequences during major incidents. Clearly a lack of understanding about issues that have legal and reputational impact is not something that

organisations want to find out when a crisis hits. The opinions set out here are general views to provide a better planning basis but are not to be relied upon when dealing with particular circumstances, where specific legal advice should be sought.

If you send staff home early, are you still responsible for them?

The employer's principal duty is to ensure, so far as reasonably practicable, the health, safety and welfare of its staff. It is difficult to anticipate how an employer could still be responsible for its staff by sending them home early. Once the staff leave the building they are, within reason, no longer the responsibility of their employer.

If staff can't get home, is it the duty of the company to provide for them?

Much probably depends upon the reason why the staff can't get home. If the reason is because there is a terrorist incident outside the premises, then it is far easier to foresee a duty of the company to provide for those staff. If, however, the reason is that the staff live a long way from work and transport services are disrupted, then it is more difficult to foresee a duty arising because the problem is a consequence of the employee's choice to live far from work rather than the fault of the employer.

If staff refuse to leave the building, is the business responsible for them?

For as long as staff remain in the building, the employer's principal duty to ensure, so far as reasonably practicable, their health, safety and welfare will remain.

Can you force staff to stay in a building?

Forcing staff to stay in a building against their will prima facie constitutes a false imprisonment, which is both a tort (and therefore a civil wrong) and a criminal offence. The only relevant defence for a claim for false imprisonment would be if the employer was entitled to arrest the person trying to leave the building. Therefore, unless exceptional circumstances apply, employers would be ill-advised to force staff to stay in a building. Care should be taken if, for example, the police had requested the employer not to allow staff to leave the building, in which case the employer would be under an obligation to make very clear to the staff the police instruction.

Must businesses provide overnight facilities for staff to stay in the building?

There is no obligation to provide overnight facilities for staff to stay in a building unless of course overnight working is a regular feature.

Would you apply the same rules (in the answers to the questions above) for staff or customers who are under 18 years of age?

Staff or customers who are under 18 years of age are particularly vulnerable and therefore extra special considerations would apply. It would be a normal inclination to find the existence of such a duty of care for staff under 18 years of age.

Would you allow staff with first-aid skills to help members of the public/customers on your premises?

Staff with such skills should be insured to provide first aid to members of the public/customers before doing so. It is difficult to foresee how a business would owe a duty of care to members of the public to require staff with first-aid skills to help those members of the public; the existence of the duty is more obvious with customers on the premises.

Would you allow staff with first-aid skills to help members of the public/customers off your premises?

From a legal perspective, it would be sensible *not* to allow this to happen because, by assuming responsibility for individuals' health, the staff member would assume responsibility for any negligence in their treatment of the person and arguably the employer may, if it has sanctioned that treatment, be liable.

Flu pandemic planning

When dealing with any threat there are three distinct phases involved: the first is dealing with the immediate impact of the event or incident; the second is maintaining the business, even on a much reduced basis; and the third is recovery to business as usual.

Success in managing through the flu pandemic will be dependent on the rigour of the planning that has gone on before the outbreak. A pre-pandemic plan will help minimise business losses.

The primary impact of a flu pandemic will be higher levels of staff absence than normal and for a longer period of time. Naturally the impact will not be limited to a single organisation; suppliers and customers are likely to be affected as well.

Fortunately, many organisations already have a business continuity plan that deals with the impact of a loss of people on keeping the organisation working. Rarer, though, is one that considers supply-chain and customer issues.

Research shows that 57% of organisations surveyed had no or weak plans to deal with a human influenza pandemic. Twenty-four per cent felt their plans were moderate, while 19% felt their plans were robust or very robust.

Another key aspect of flu pandemics, unlike many other sources of disruption, is that insurance in the form of business interruption insurance is generally not available, so the focus really is on minimising the impact because there is no financial support to cover the loss of business.

Government advice is that as a prudent basis for planning, organisations employing large numbers of people should ensure that their plans are capable of handling staff absence rates building up to a peak of 15–20% lasting two to three weeks over and above usual absenteeism levels. Some organisations are known to plan for absence levels of 40–50%.

As the term pandemic refers to the spread of the infection rather than the severity, the time of absence will clearly depend on the severity of the virus and any intervention that the Government may take to delay or mitigate the spread of the virus through restricting the movement of people.

In the event of school and childcare closures during a human influenza pandemic, increased parent-worker absences could have a significant impact on organisations.

In a worst-case scenario the virulence of the virus may mean that employees could be ill or dying, or have family dead, ill or frightened.

The business continuity dimension

From a BCM perspective there are some essential steps that need to be considered.

What activities are essential to keep your business running?

- You will not be able to do everything. If you are in a people-intensive business or key aspects of your business rely on people, you will need to prioritise what is most important to keep it running.
- Remember that your suppliers and customers will be doing the same, so communicate with them.
- You also need to review staff policies and insurance policies to make sure you have the flexibility you may require and cover for staff and interruptions to your business.

Where are you going to continue to run your business?

You may need to enable staff to work from home or different office locations. You may find that customers or suppliers will help you out as well.

Who are you relying upon?

You are not going to have a choice on who falls ill, but you might want to reduce the likelihood of infection by reducing human contact for those with key skills who cannot be easily replaced.

When are you going to take these actions?

It is important to track advice and actions of national governments and agencies in pandemic situations. It is likely that government will have a process of increasing mitigating measures depending on the profile of the flu virus. You may need to adapt your plans to reflect any changes in guidance.

If schools and childcare facilities are closed, many businesses will see a significant increase in absence rates beyond those enforced through illness alone.

You should therefore look at validating your plan against absence levels of at least 25% and up to 50% for periods of two and four weeks respectively in order to really understand the impact that the pandemic could bring and the tough decisions that need to be made.

How are you going to implement these steps?

You need to work out who is going to perform the key tasks to deliver on the plan you have developed. Communication with staff will be key because you will need their goodwill and support to work through the disruption. They will be anxious and have their own problems. You also need to plan how you will respond to enquiries from customers and suppliers, and potentially the media.

The workplace environment

National governments and public health agencies will provide guidance on containment of the virus within the workplace environment. The paramount consideration is of course to protect employees during a pandemic. There are three key areas to focus efforts.

Staff communication – provide easily accessible information to the workforce. Communicate the business pandemic preparedness plan and their role in the plan. This will build confidence and allay concern over whether the business will go bust.

Health education – promote hygiene measures and exclude people with flu symptoms. Actions can include the provision of hygiene packs, including face masks, handwash/disinfectant, and so on.

Social distancing – establish social distancing measures, remote customer access, teleworking. In some cases it will not be possible to provide these

measures for all staff and therefore an organisation needs to refer to its business continuity plan to identify critical staff.

Many organisations stop short of providing anti-virals to staff and their dependants, preferring to leave that to local health authorities. Other organisations may pay for an occupational health service to offer anti-viral medication as a preventative measure during a pandemic. This of course brings with it additional responsibility in terms of dealing with screening and prescribing and determining which employees should receive support. There is also a clear cost implication of going down this route.

Duty of care in a pandemic situation

Flexibility is the key word in considering duty of care issues during a pandemic. From a safety responsibility perspective, the organisation will be expected to provide a safe workplace by implementing rules on: health reporting, office and personal hygiene, protective equipment, social distancing and working hours.

A number of factors need to be considered when attempting to achieve flexibility. These include:

- What does the contract say about role/location?
- What happens in practice?
- Implied duty to be flexible
- Additional training
- Homeworking
- Risk assessments

If staff refuse to accept this new approach then one must consider enforced flexibility, which will raise the following considerations:

- dangers of unilateral variation
- negotiating change: unions
- negotiating change: individuals
- increasing output: overtime and cancelled holidays due to low staffing levels
- decreasing output: enforced holidays, lay-offs, 'frustration' (contract ends because its terms cannot be performed because of an unforeseen circumstance), redundancies.

There are a number of risk areas relating to employees that organisations should be aware of in the pandemic scenario.

Those willing but unable to work:

- Do you continue to pay salary and benefits to those who are ill but not certified?
- Quarantined?

BT Group Plc has an advanced programme that includes:

- creating a BT-wide strategy for pandemics as a framework for all parts of the business to work within
- exercising pandemic plans at the most senior level – this raises awareness of the topic as well as tests the plans
- forming Agora (<http://bcagora.com/charter>), an online pandemic planning community, and using it to broaden their thinking beyond the company
- having an expert dedicated to the task of pandemic planning
- having a core team running, comprising chief medical officer, HR director, pandemic/BC expert, communications and risk and insurance, to make decisions in advance and to stick to them.

- Have domestic commitments? In many cases may be required to give time off to put care plan in place for dependants.
- Can't get to work? Up to the employee to sort this out.

Those unwilling but able to work – before taking action consider the following:

- Have preventative measures been taken?
- Has government guidance been followed?
- Is there serious and imminent danger?
- Risk of industrial action?
- Statutory DPs.

Vulnerable employees – the organisation needs to decide whether special considerations should apply to employees who:

- are pregnant
- have dependant children
- are disabled
- have impaired immunity
- are on secondment
- are dealing with the public
- are abroad.

Key resources

- BUSINESS CONTINUITY INSTITUTE (2008) The Human Aspects Workshop Report. London: Business Continuity Institute.
- The Human Dimension of Business Continuity Management: a report from the round table discussion held on March 25th 2009. London: Business Continuity Institute. Available at: www.bcipartnership.com/campaigns.html [Accessed 29 July 2009].
- CHARTERED MANAGEMENT INSTITUTE (2009) A decade of living dangerously: the business continuity management report 2009. London: Chartered Management Institute. Available at: <http://www.cabinetoffice.gov.uk/ukresilience/preparedness/businesscontinuity.aspx> [Accessed 29 July 2009].

Useful websites

www.bsi-global.com

Website of the British Standards Institute where all British standards can be found.

www.cabinetoffice.gov.uk/ukresilience.aspx

The resilience website of the Cabinet Office.

About the Business Continuity Institute

The BCI was founded in 1994 and leads on the development of best practice in Business Continuity Management. The BCI also contributes to relevant legislation and standards. It has some 4,600 members in over 80 countries active in an estimated 2,500 organisations in the private, public and third sectors.

The BCI Partnership, established in 2007, is the corporate body within the BCI with over 60 member organisations including BT, BSI Group,

Continuity Shop, Marsh, Milton Keynes Council, BP, SunGard, BAE Systems, Community Resilience UK, Continuity SA, EADS, Garrison Continuity, HBOS (Lloyds Banking Group), Prudential, PwC, Royal Mail, and the UK Government's Cabinet Office.

Contacting the BCI

For any questions, please contact Lee Glendon, Campaigns Manager, the BCI
Telephone: +44 (0)118 947 8215
email: lee.glendon@thebci.org

We explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

We produce many resources on people management issues including guides, books, practical tools, surveys and research reports. We also organise a number of conferences, events and training courses. Please visit www.cipd.co.uk to find out more.



Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ
Tel: 020 8612 6200 Fax: 020 8612 6201
Email: cipd@cipd.co.uk Website: www.cipd.co.uk

Incorporated by Royal Charter Registered charity no.1079797