Business Continuity Management

Pandemic Planning Briefing

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Business Continuity Management: Pandemic Planning Briefing

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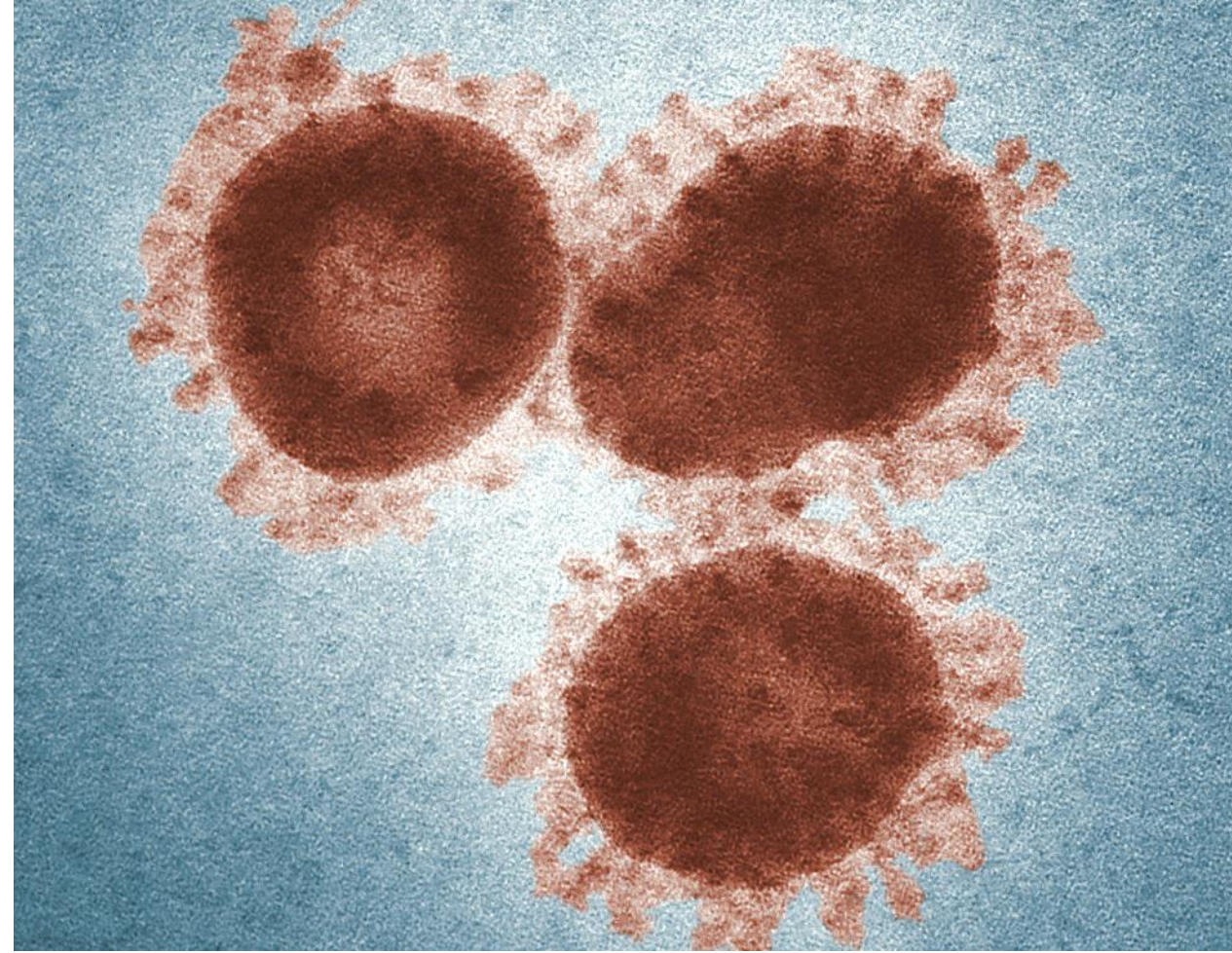
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The Pillars of Pandemic Preparedness

Pandemics aren't your usual business disruption. Unfolding over months, these events require an extra set of activities that include consultations with epidemiologists, critical role identification and third-party evaluations.

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Organizational Resilience Risks: A Pandemic Is an Operational Risk

- Environmental
- Natural Disasters
- Facility
- Country
- Biohazard
- **Biological Disease/ Pandemic**
- Geopolitical
- Social Unrest/Networking

- Information Technology
- Cybersecurity
- Legal and Regulatory
- Third Party
- Business Process
- Separation of Duties
- Workforce
- Corporate Culture

Reputation Risk

Strategic Risk

Operational

Credit
- Customers
- Suppliers
- Compliance

Market
- Materials/Supplies
- Interest Rates
- Competition
- Economy
- Currency
- Liquidity

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Benefits of Pandemic Preparedness Planning

Plan now: Resources won't be available if a pandemic strikes

- Minimize the impact upon staff

- Minimize the impact on the organizational supply chain

- Minimize the impact upon service delivery

- Minimize the impact upon the IT infrastructure

- Protect corporate reputation

- Reduce financial impact

- Return to new normality sooner

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Conditions for Pandemic Preparedness

KEY CONDITION: Staff absenteeism exceeding 40% for extended and sequential periods

Overall Conditions

- A pandemic is worldwide in scope and of indefinite duration

- A pandemic can be a moving target – you need to adjust your expectations and preparations as things change

- Quarantines and travel restrictions may be in place

- Economic conditions become distorted during a pandemic dislocation

External Conditions

- Government essential services will be seriously disrupted during a large-scale pandemic; there will be delays in responding to all types of events, e.g., civil unrest, disasters

- Power outages due to utility workforce reduction may be more frequent

- Residential internet supply won't meet demand in a large-scale pandemic

- Food rationing may occur

- Hospitals may be overwhelmed

- Fuel may be in short supply

Business Conditions

- Multi-location enterprises will likely be more affected than those with a single location

- The key business impact trigger will be a result of the quarantines, travel restrictions, school closures and sick family members

- Supply chain and third-party pandemic preparedness is critical

- Consider cultural and religious differences in preparedness plans

- Technology can help organizations better adapt to the changing situation

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Business Continuity Management Program Phases

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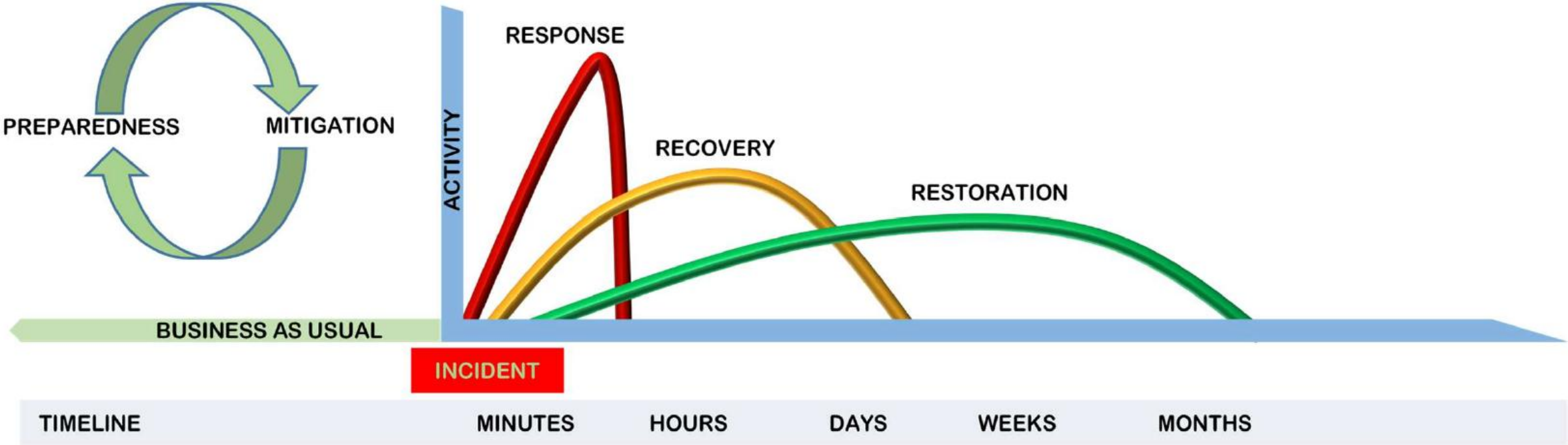
Responding to COVID-19

Act Now

- Enact business continuity and crisis teams in affected areas.
- Communicate awareness and monitoring to employees, key third parties and customers.
- Consider implications of and tolerance levels for high absenteeism on critical processes. Monitor at a high frequency.
- Balance service delivery, e.g., pulling forward key inventory components.

Prioritize

- Ask functional leaders to reconsider 2020 forecasts.
- Increase liquidity and financial backstop.
- Implement employee awareness campaign on personal hygiene.
- Assess key third parties for resiliency in the face of high absenteeism.
- Establish a plan for handling the backlog of work once you are back to "normal."

Avoid

- Implementation disruptions of key strategies and priorities
- Reputational damage from misinformation about the organization's response to COVID-19
- Short-term overreactions by functional leaders
- Difficulties with working capital availability

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Pandemic Preparedness Program Process

Crisis Management is Essential

1. Establish a pandemic preparedness framework
2. Monitor the situation to determine a change in severity
3. Review finance and treasury implications
4. Extend your clean workplace/personal hygiene protocols
5. Review HR policies and practices
6. Establish a pandemic communications program
7. Review impact on business operations
8. Review IT actions and considerations
9. Review pandemic plan to identify and remediate problem areas
10. After-action review

The end result?
A pandemic plan

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Pandemic Preparedness Framework: Team
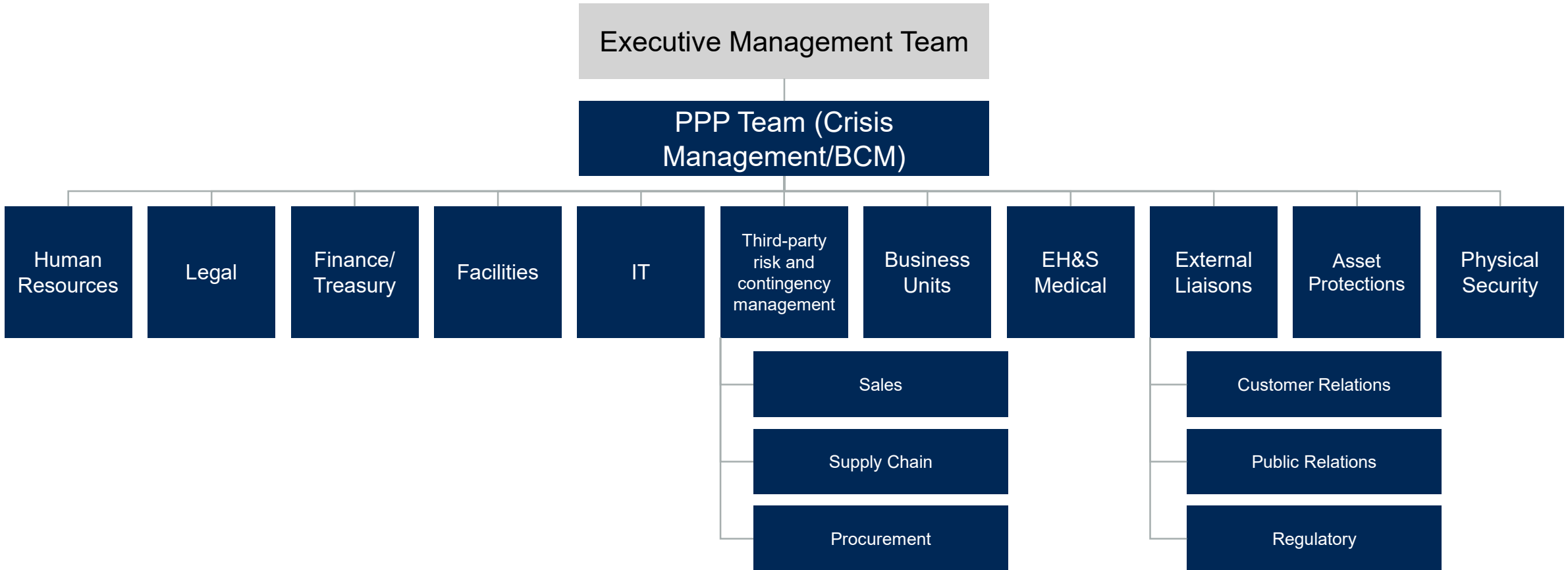
Note: Test combinations of leaders for effective crisis management and crisis communication skills

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Pandemic Preparedness Framework: Business Process Criticality Tiers

Recovery Timeline →

Tier	Class	RTO	RPO	Description	Business/IT Function
0	Critical IT Infrastructure	0-15 mins	0 mins	Base infrastructure and common services to be restored prior to business functions.	Network, VPN servers, OS, software/DB DNS, Active Directory
1	Mission-Critical/ Platinum	<1 hour	8 hours	Business functions with the greatest impact on the company's continued operations — requires immediate recovery.	Client-facing Revenue production Email
2	Business-Critical/ Gold	<24 hours	24 hours	May not meet the criteria of mission-critical but will need to be brought up soon after.	Less-critical revenue-producing functions
3	Important/ Silver	3-10 days	1 week	Important business processes are those that will require recovery but only after mission-/business-critical.	Administrative functions
4	Deferrable/ Bronze	10+ days	Last backup	Deferrable business processes not immediately required to support critical business processes. They may be functions that are needed in the long term but not in the first weeks of a disaster.	Budgeting, training/LMS, low-impact activities

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Monitor the Situation to Determine a Change in Severity

- **World Health Organization (WHO)**

https://www.who.int/emergencies/diseases/novel-coronavirus-2019

- **Johns Hopkins CSSE:**

https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#bda7594740fd40299423467b48e9ecf6

- **European Centre for Disease Prevention and Control**
- **The Disease Daily**
- **Other national and local public health organizations to determine:**

  - The severity of the event

  - What actions they are taking that may impact your business operations, and

  - How to keep your workforce safe in the workplace

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Finance & Treasury Implications

- Revise revenue forecasts, e.g., lost sales, lost production, unexpected expenses, foreign exchange implications

- Communicate with investors about any earnings guidance changes

- Determine and report if there will be accounting close delays

- Increase financial backstop, and monitor available cash

- Monitor working capital

- Review corporate insurance coverage for conditions around deductibles, payouts, etc., e.g., business interruption insurance, P&C

- Consider using government-sponsored financial relief or bank loans to cover lost revenue and support cash flow

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4 **Extend Your Clean Workplace/Personal Hygiene Protocols**

Extend your already established organization-wide hygiene protocols:

- Provide more frequent cleaning services, e.g., increase cleaning procedures in restroom and communal areas; regularly disinfect hard surfaces

- Place personal hygiene supplies everywhere, e.g., hand gel, sanitary wipes, tissues, masks

- Have formal contracts in place for extended cleaning services before a pandemic occurs

Establish handling protocol for staff returning from affected areas (business or personal travel)

Ensure compliance with national, state and local workplace laws and regulations

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4 Extend Your Clean Workplace/Personal Hygiene Protocols

Basic protective measures against COVID-19 to protect yourself and others from getting sick
(Source: World Health Organization (WHO))

- Wash your hands regularly

- Practice respiratory hygiene

- Maintain social distancing

- Avoid touching eyes, nose and mouth

- If you have fever, cough and difficulty breathing, seek medical care early

- If you have mild respiratory symptoms and no travel history to or within China

- Practice general hygiene measures when visiting live animal markets, wet markets or animal product markets

- Avoid consumption of raw or undercooked animal products

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- Monitor your absenteeism rate

- Offer flexible work options

- Be sensitive to changes in employee engagement and potentially changing workplace preferences

- Implement/review your WAH/remote work program

- Review HR policies and benefits
  - Time off/sick leave (how much time, paid/unpaid, salary advance, salary continuation, benefits coverage)
  - Bereavement time
  - "Safe from reprisal" assurance

  - Succession planning

  - Expatriates
    - Whom to keep in country/region
    - How to remove staff and family safely

- Implement sick workforce handling procedures
  - How to deal with a workplace event
  - Address privacy concerns for disclosure of workforce medical information

- Implement visitor handling procedures

- Identify critical skill shortages

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- Identify critical roles by business unit or region:
  - Functions directly linked to business priorities in impacted area(s)
  - Functions directly linked to mission-critical products in impacted area(s)
  - Relationships with key contractors and customers
  - Functions related to potential "surge" activities, which might be created or increase in number or intensity if a pandemic occurred
  - Identify secondary or tertiary backups for primary critical roles
- Categorize staff for role/function priority
  - Essential: Must be completed under all circumstances
  - Temporary suspension: May be suspended for a short time
  - Extended suspension: Can be suspended for an extended period
- Analyze categories to develop skill sets required for critical roles where the employee bench is shallow to build operational resilience in case of an outbreak
- Initiate cross-training/testing/certification
- Procure third-party personnel services on retainer
- Provision appropriate application access rights

Important

Critical

Deferrable

Mission Critical

Organizational Priorities

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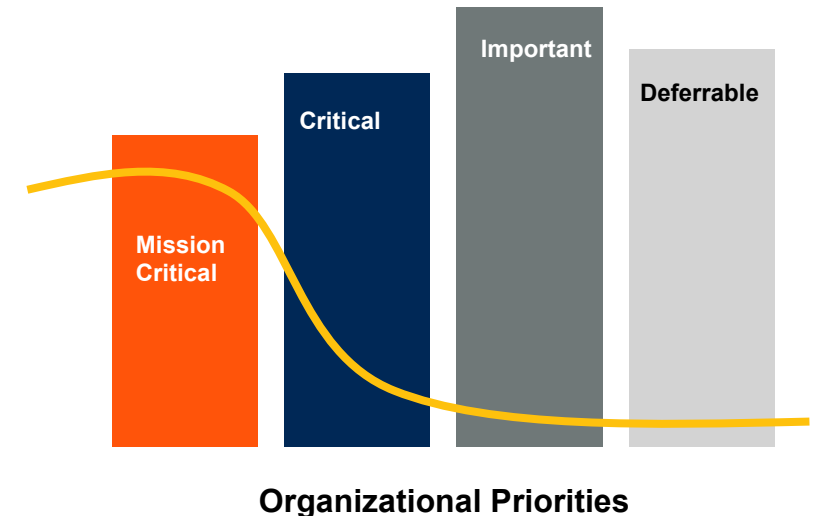
Pandemic Communications Program

- Establish a pandemic communications program
    - Have pre-approved message templates and scripts
    - Workforce, customers, supply chain, insurance companies, regulators, community, public health
    - Contact information update process
    - Assign spokesperson appropriate for the situation; the person may change over time
- Prepare your organization's "holding statement"
- Communicate regularly
    - People feel out of the loop quickly; during a pandemic, that view is heightened
    - Tone of message is critical
- Establish an internal BCM/pandemic portal with links to related resources
- Monitor social media for posts about your organization – manage carefully
- Leverage emergency/mass notification services (EMNS) automation

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- Determine if countries of operation have closed transportation into and out of impacted areas. Develop alternative procedures, if possible, to ensure continuity of operations.

- Understand local calendars in countries of operation, e.g., extended national holidays and how the local calendar impacts the ability to deliver products/services.

- Identify whether key suppliers/third parties are located within affected areas. Confirm inventory levels, identify backup suppliers and manage stock levels to support delivery to the most critical customers.

- Travel planning
  - Review whether a business trip is necessary and/or implement teleconferencing capabilities
  - Procure a travel risk management services solution to get location-specific intelligence and to automate

messaging to staff traveling to/from potentially dangerous locations

  - Pre-position your staff close to the hot zone so that when travel restrictions lift, you can move more quickly

- Understand where operations can continue with reduced staff (and at what level of operations), understand which business operations need to be augmented to operate, and which business operations need to be suspended due to a lack of healthy employees.

- Understand contractual and service-level performance impacts and communicate concerns to key partners.

- Prepare for increased legal risk from customers and employees, e.g., people catching the virus at work.

- Establish a plan for handling the backlog of work once you are back to the "new normal."

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Impact on Business Operations: Supply Chain/ Third Parties

Event

Impact

Recommendations

Coronavirus 2019-nCoV continues to exponentially spread across the globe

Current consequences are limited to China, although global supply chains will sense disruptions as workforce and logistics will further be impacted.

- **Short term (next month)**: Assess your supply chain exposure and the interdependences of value chains integrated with affected regions.

- **Medium term (1 to 3 months)**: Continue to commit and secure volumes as risk mitigation for business continuity. Enhance supply chain resilience by diversifying sources and routes.

- **Long term (3 months or more)**: Use enhanced risk management, including scenario planning to deploy preemptive action plans assuring business continuity. Tackle strategic concentrated supplies at risk to reduce exposure of value when internal risk capacities cannot absorb disruptions.

Supply Chain Brief: Global Supply Chains Prepare for Impact From Coronavirus, G00467127

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IT Considerations and Contributions

- Assess the IT supply chain for pandemic preparedness

- Keep extra IT inventory on-site in case of resource failures

- Implement remote data center management solutions

- Leverage the cloud to shift the risk out of region, but this is not a silver bullet

- Implement/review WAH/remote work programs, especially issues around BYOD, company-issued laptops, Internet bandwidth capacity and prioritized access

- Investigate alternative voice and chat communications

- Implement web-based video conferencing

- Decide which business operations require heavy Internet usage and must continue, and which can be delayed

- Reschedule some IT operations activities
    – Nonessential file transfers
    – Delivery of training videos during the pandemic activation period

- Stagger hours of operation to ease bandwidth demand

- Realign IT projects and IT budget for staff and third-party availability

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Data and Analytics (D&A) Considerations and Contributions

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- Create a data strategy that emphasizes pathways of trusted information – centralized and decentralized – aligned with company goals such as providing a healthy work environment.

- Assess your data sources and analytics mechanisms.

- Consider implementing a platform with analytics and modeling capability using data sources that are accessible company-wide and with linkage to staff contact information and key databases.

- Use readily available services providing real-time pandemic information as part of your data sources and make available to staff.

- Implement (D&A) technologies that aid in reporting events by staff.

- Use data to tell the story and plan out scenarios.

- Consider how data science and artificial intelligence can be used, e.g., in supply chain predictions.

- Use visualization tools to help evaluate trade-offs between different scenarios (INASAFE is an example of an open source risk mapping tool).

- Collect current pandemic information key to your organization and log lessons learned. This will aid in preparing a robust strategy for the next inevitable pandemic; $1 spent on preparedness is worth $15 in terms of mitigation. Consider investments needed for future by reviewing the data you have collected.

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Pandemic Plan Exercising

Validate	Identify	Assess	Promote	Feedback
• Roles and responsibilities • Recovery requirements • Response and recovery procedures	• Gaps in recovery capabilities • Resource needs • Improvement opportunities	• Capabilities of team members	• Team building and collaboration	• BCM program office • Crisis management team

Implement an Exercise Management Strategy to Strengthen the Effectiveness of Recovery Plans, G00322862

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After-Action Review

- By team, identify at least three lessons learned or key observations that you experienced as a result of the exercise

- By team, identify at least three areas for improvement in the exercise, response plans, decision-making processes, etc.

- List and prioritize your short-term and long-term follow-up actions

- Do you have suggestions to improve/enhance future exercises?

- Develop exercise results report

- Additional comments/feedback

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The Pillars of Pandemic Planning

How to plan your response in times of uncertainty

Gauge your preparedness and see which actions you still need to pursue.

Download Guide

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This complimentary research is part of Gartner's ongoing coverage of the business impact of the coronavirus (COVID-19).

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