The role of business continuity management in the business management system

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Abstract: Every entrepreneur strives to manage his business in the most effective and efficient way, using different tools and approaches, but mainly relies on a well-functioning system of business management. Whether the responsible authorities and organizations at national and international level can help him and how to do it? In an attempt to be helpful, are they not creating any additional problems by multiple demands on the individual elements of the company's management? Considering the fact that the management of a business organization is made up of a significant number of subsystems that must work together in harmony, the International Organization for Standardization published in 2011 "ISO Guide 83", which gave new directions for the development of management systems to achieve uniform and consistent, high level of structure identical text and general terms and basic definitions. The main objective is to create conditions for the development and use of effective and efficient business management system. But is this what is only necessary for business - effectiveness and efficiency? At the time in which we live should not this management have one more leading feature - viability by ensuring business continuity in all conditions and situations? This is the focus of this publication, that is to say, the presentation of the idea of the Business Continuity Management System leading role as part of the Management System of business organization (Integrated Business Management System).

Keywords: Management System of Business Organization, Integrated Management System, Business Continuity Management System, Corporative Social Responsibility etc

1. Introduction

In December 1987, the International Organization for Standardization (ISO) published standards "ISO 9001 Quality systems - Model for quality assurance in design / development, production, installation and servicing", which launched a new approach of determining the requirements for business organization management – creation of integrated ISO standards for management systems (ISO management system standards (MSS)). Currently, the framework of this approach for ISO MSS development is worked out in ISO Guide 83 of 2011 and amended in Annex SL (April 2012) of the International Register of Certificated Auditors (IRCA).

To understand the nature of the approach it is necessary to note that it is focused on developing new standards for system management through a unified structure, identical text and common terms and basic definitions. The goal is that all ISO standards containing requirements for Management Systems to be structured in the same manner and to improve their interoperability. It is envisaged that the specific requirements related to the system described by the respective standard to beadded to the individual standards for the concrete Management System.

But only this much, i.e. conditions are created for the integration of structure and terminology regarding the individual systems for management of specific activities of the Management System of the business organization, what about how these systems interact and how we can get synergetic effect of their action (not only simple sum of systems forming ahigher rank system) is still an area that requires consistent and dedicated efforts of professionals for adequate answer to these questions.

In this article we will attempt to define the role of the Business Continuity Management System in the Management System of the business organizations, i.e., we
will try to show correlations of the first with the elements of the second system without having the ambitious idea to determine its place among them.

Certainly, such an attempt, and the results are very controversial, still more at this stage there is no statistical or other information data about the benefits of structuring a matrix of interrelated elements in an attempt to obtain the best configuration of the functional characteristics in order to increase company profits (of any kind), including creating conditions for sustained and continuous business. However, this in no way means that we will try to arrange the various (interrelated) corporative systems in a hierarchical relationship and sequence. The latter (if at all necessary to do) requires a huge amount of work and effort of many leading experts in various fields.

Therefore, studying only one of the many management systems, its dependence on and relations with others, even not all corporate management systems, but only the key ones for its creation and successful operation can outline the tools to be used later to explore the relationships between all the other systems in a business organization.

2. Components of the Management System of Business Organization

The starting point of the organization when it sets the parameters for the construction of its management system often has been the necessity to ensure compliance with external for the organization standards. For example, organizations rather aim at creation of "quality management system" or "environment management system", based on the structure of the standard, than logically determine how they themselves work and what are the relationships between them [1].

This way of thinking and action leads to the presence of multiple systems in a company built on different standards and independently for themselves. This is economically impractical and confusing, and on this basis, the international standards organization has come to the conclusion that these standards should have a common format, a common structure. ISO 9001:2000 is used as a model for many other standards, yet unfortunately, there is a tendency the standard layout to be used as a starting point for describing and structuring the management system.

You should always remember that these standards define requirements for a system that allows you to assess the correspondence of the characteristics and parameters of the system to the standard - standards do not provide a specific format for the description of the system.

More constructive and pragmatic approach is the emphasis on the mission of the organization, its shareholders and their needs, on the identification how the organization will meet these needs through the implementation of internal business processes, and what has to be done to ensure that these processes are effective.

You could even formulate the Management System as "system for management and operation" because it describes how things are being done and how they are managed, whether through planning and design of processes, introduction of control or resource allocation. In practice, these two elements are intertwined (management and operation).

It is also worth to emphasize that the "system" exists, whether or not its characteristics and parameters are set (in the same way as a process exists and is realized, no matter whether described in writing or orally retold). Especially in small organizations that know what to do (and do) without having to refer to forms, checklists or written procedures.

When the instructions and manuals are registered in a formal system, some people may refer to this description of the system as "management system". But there is a danger in this approach, since the description of the system may not reflect the actual practice and in many situations, especially when there is manuals full of cumbersome procedures this is true. It is even worse when by reference to the description as "system", an accepted view changes from motor to achieve planned results (cause and effect) to storehouse of policies and rules for organization management [1].

2.1. Definition of Management System of Business Organization

There are many definitions of the term "Business Organization Management System" such as: "The management systems assist the building of sustainable and successful organizations through proven tools and methods" [1]. This situation, if there is no common understanding of the nature of the matter can lead to different ways of thinking and from there to the divergent approaches in building corporate management systems. Therefore, we can not agree with Deming [2], which speaks of "operational definitions" in which there could be not only one single definition of a term, but it is important that all share a common understanding of what means a given term in a certain context.

One of the definitions of the term "management" is "management and control of definite action" and the system is defined as "a set of interrelated components to achieve a certain goal" [3]. From these two definitions we can say with certain degree of confidence that the management system is "a set of interrelated components for management/guidance and control of an action." This presupposes that we have a reason "interconnections" to be planned and that the goal will not be achieved without "interconnection". In other words, the individual components alone would not achieve the same results.

ISO 9000:2000 defines the management system as "a set of interrelated or interacting elements to establish policy and objectives and to achieve those objectives" [4].

This point of view suggests that an organization has a Management System (even if you have to comply with different standards). PAS99 [5] uses the following definition: "Management System includes elements of
policy, planning, implementation and operation, performance evaluation, improvement and management review." That means, this definition focuses on the relationship between where you want to go and how to get there (although it misses setting targets and developing business strategy).

If we try to expand this definition while specifying it, we can say that the management system of a business organization is "the structure, processes and resources required creating a business policy and strategy for formulation of the organization goals and the achievement of these goals" [1].

2.2. Essence and Types of Business Organization Management Systems

As already noted above, the term "management system" is used in many different ways depending on the context and purpose of the business organization. This could mean:

- Management System for a particular activity or a specific type of asset - e.g. relationships with customers (Customer Relationships Management), preventive maintenance (Preventive Maintenance Management), Materials (Materials Management) and others;
- Tools for managing all aspects of the company activities, often in conjunction with a particular aspect - e.g. quality, environment, information security;
- Manner of controlling every aspect of the organization, i.e. "business management system".

At this point, often the use of software applications to manage certain operations is treated as a management system, but this is not the focus in this paper.

The traditional approach, which is currently adopted by many theorists and practitioners, is to define the rights and responsibilities of different aspects of the systems, which make up the management of the business, to be made separately for each system. The trend is now moving to Integrated Management Systems, especially when the company wishes to be certified as meeting the requirements of more than one standard.

The term "integrated management" should be synonymous with "good management", which means that it is necessary to administer the organization activities, resources, personnel, effects on its functioning, as well as the countless risks that can cause much more problems if they are allowed than if they are avoided.

Given the diversity of business organizations in terms of type and size, both in the private and public sectors, it is not surprising that there is no single standard for the structure of the system management. Each system, however, has several key components. For example, PAS 99 defines common elements required by the standards for Management Systems (based on ISO Guide 72 [6]):

- Policy;
- Planning;
- Implementation and exploitation;
- Assessment of the performance;
- Improvement;
- Management review.

The above said list does not contain goals, therefore if you really want to build an adequate, useful and effective management system it has to include as a key component the organization's business objectives.

Some of the main objectives of the Management System can be achieved in accordance with international or national standards in order to promote standardization and reduce variations of types of the management systems and help employees to understand what should do and how to fit into the organization through the activities carried out. At the same time, however, an integral part of these goals should become increased system operation effectiveness and organization functioning as well as achievement of synergetic effect in these areas.

The best way to determine the parameters of the system involves the use of simple, clear and comprehensive approach and format that allows company management to focus on the key elements that need to be planned, implemented and managed in order to fulfil the mission of company.

Traditionally nowadays individual enterprise management systems are developed to address issues such as quality, environment, health and safety, finance, human resources, information technology and data protection, corporative social responsibility, risk management and business continuity. For each of them there are developed corporative, national or international requirements or all together, united by common methodologies and understanding of their nature, but between the individual requirements to the respective systems in most of the cases there is no relationship and awareness of their integrity.

3. Business Continuity Management

Business Continuity Management (BCM) is a matter that has yet to enter life and business practices in many countries in the World, including Bulgaria [7]. The specific issues that it addresses, in one way or another, in one form and content or another, are known for the professionals. Once you get familiar with it, the military will exclaim, "Well, this is nothing new, we annually perform these activities, especially during the wartime planning!".

Civilians in turn, and above all, public administration, and partly private sector will say that these are matters of management planning in crisis situations. Both sides are wrong in general, regardless of the fact that occasionally they use some of the elements of the methodology in their work, methodology that defines the sequence and implementation of processes to ensure business continuity of each organizational unit. The huge difference between our use of fragmentary elements of this matter and the actions of BCM specialists is the emphasis on the detail and deliberate systematic effort that they apply in their activities.
Globally, this is an area of business practice with a long tradition in formalized elements and requirements set out in international standards and a number of national regulatory documents with internationally recognized institutions and a network of means of disseminating best practices, many of which are an integral part of these requirements in the process of updating the standards and normative requirements according to which individual companies organize and carry out their activities and achieve planned business objectives.

There are several standards for Business continuity management in the world, while the matter is considered relatively new. One of the main applications is the UK standard BS 25999 Part 1 "Business Continuity Management. Code of Practice ", released in December 2006, and Part 2 " Specification for Business Continuity Management ", published in 2007.

In the practice of different countries and organizations there are widely used series of standardization documents, but internationally recognized by all business organizations were only:


But very briefly, what is the Business Continuity Management?

The field of business continuity incorporates activities and integrated management plans that create conditions for maintaining the continuity of an organization's critical processes [8]. This area covers all aspects of an organizational unit involved in the maintenance of critical processes, that is to say: personnel, buildings, suppliers, technology, data. Its crucial role is especially crucial when it comes to ensuring the continuous functioning of critical infrastructures.

On the basis of the above said we will try to determine the interconnection of Business Continuity Management System with the other subsystems of the Management System of a business organization.

4. The Interconnections of Business Continuity Management System with the other Subsystems of Business Organization Management System

To determine these correlations we will try to point out the similarities and differences in the requirements for the creation of Business Continuity Management System and Management Systems of: quality, environment, health and safety, finance, human resources, information technology and data protection, corporative social responsibility, risk management (although the latter system should be regarded as an independent, and through the establishment and development of other systems).

But what are the similarities? The construction of the above systems requires the creation of documents for the domain-specific activity of the business organization or carrying out actions such as: policy, strategy for implementation of the formulated in the policy main directions for the development; Risk Analysis; a detailed plan for the realization of the and strategic objectives and tasks; updating, maintenance and testing the plans; training the personnel to implement individual modules and tasks of the plan; carrying out preventive and corrective actions, regular monitoring of changes in the business environment and audit of the activities related to achievement of the goals set in the policy and strategy. The methodology used is either the same (quality, environment, health and safety) or similar and very close (finance, human resources), which creates a common understanding of the specific problems of the organization by most of its employees. Nevertheless, this fact is not yet sufficient for full understanding of the integrity of the management system of the business organization and its system components.

What are the differences? The essential difference between them is conducting Business Impact Analysis during the building of Business Continuity Management System.

The purpose of the Business Impact Analysis for any action, process, product or service is to:

- Document the impacts that may arise as a result of loss or interruption of the organization/system;
- Determine the time required to restore the function;
- Determine the conditions (internal and external) required for the system/organization effective operation.

The above said is based on the difference between the Business Impact Analysis and the Risk Analysis, i.e., the former examines the events that lead to significant interruptions while the latter examines all potential events that may affect the business of the organization. Both analyses are crucial for the establishment of policy and strategy of the Business Continuity Management. That last is another aspect of the differences that exist concerning the requirements of the BCM System and the above said subsystems - the availability of comprehensive and detailed evaluation of both the critical factors for the activity of the organization and the overall range of threats, general and specific for the individual business sectors.

As noted at the beginning, the link between all these areas has become the ISO 9000 standard. Indeed, quality of the management activities in: the environment, health and safety, human resources, information technologies and data protection, corporative social responsibility, risk are their immanent nature and through the structure and methodology of these standards a good attempt was made to synchronize the efforts in business organizations. But despite that the financial management is hinted in the standardization requirements in terms of quality in the activity of the organization, the management of this market
segment has its own, completely different requirements and methodologies.

On the other hand, the management of information technologies and data protection has "permeated" the overall activity of the business organizations, no matter which sector of the economy it is functioning in. And that is so, not only because the 21st century is the century of information technologies, but also because they are in the base of and primarily for financial management. But they are not so bound to and not a critical factor in the management of some of the other subsystems, such as corporative social responsibility.

To clarify what this responsibility is we will cite an example from the recent history of the United States (presenting a clear picture of the importance of communication and information technologies and corporative social responsibility). Financial and credit institution Cantor Fitzgerald [9] occupies floors 101 to 105 in one of the towers of the World Trade Center. These are two floors above the area where the first plane hit the towers on September 11, 2011.

Immediately after the first attack of September 11, approximately 8:46:46 am, six seconds after the first plane hit the tower, server Goldman Sachs e-commerce site sends alert notification that server Goldman Sachs has established a connection with a redundant server because it was unable to connect to the server Cantor Fitzgerald.

Cantor Fitzgerald lost all of its employees in this building during the attack, 658 employees (about two-thirds of the personnel of the company), including brokers, traders, specialists and secretariat.

Howard Lutnick, CEO and Chairman, whose brother was among the dead, make a solemn promise to keep the company "alive." Recently developed by the company internet trading system is immediately implemented to replace dead brokers and traders. Thus, the company is able to regain its market online within one week (even their competitors help them in this endeavour).

On 19 September, 2001, Cantor Fitzgerald undertakes to provide 25% of the profit of the company for the next five years for benefits, and within the next ten years to pay health insurance for the families of its 658 former employees. In 2006 the company fulfils its promise by paying more than 180 million dollars to the families of his former employees.

Before the attacks, Cantor occupies about a quarter of the daily transactions in the multi-billion dollar market securities. The company recovers its infrastructure and currently has offices in Midtown Manhattan, and employs more staff than before the attacks.

And all this to a large extents due to the precisely developed, flexible and implemented with success and professionalism Business Continuity Management System of the company. As a tailor-made policy, strategy and plans they reflected both vision and requirements for communication and information systems to ensure their continued operation in emergency or crisis and the specific objectives and priorities related to the corporative social responsibility of the business organization.

But not only this example shows the link between two subsystems of the Integrated Management System, that links the BCM System.

In practice, there is not another sub system but the BCM system which in one way or another comprises mandatory requirements concerning the remaining sub-systems of the Business Management System of an organization.

For example, the BCM System has absolutely all elements of the structure of the Quality Management System (which is fundamental under the MSS) and uses its methodology in the process of its own building. Setting requirements to the management subsystems for environment, health and safety, human resources, information technologies and data protection, corporative social responsibility, risk management is a prerequisite for the development of the policy, strategy and BCM Plans. And most of all, a serious section of this system occupy the requirements to the Management of the Financial Subsystem of the Business Management System of the organization (as opposed to quality management, where these requirements are only touched upon). The requirements for this subsystem, refracted through the requirements to the communication and information systems are so detailed and targeted that in some instances the professionals can ask themselves "Is the BCM System designed only to support and ensure the functioning continuity of the system for Financial Management?".

Certainly, the proofs of the thesis that the BCM System is the integrating, connecting link in the Organization Management System are numerous and readily discernible, but the current standard limits of the publication volume do not allow such details that will be elaborated in a series of articles and reports. The first attempt in this direction was the report on "Current approaches to Integrating Management Systems built on the standards of the ISO - ISO 22301:2012 and ISO 9001:2008", presented at the event held on 15 March, 2013 in "Sofia Airport", a seminar with international participation under project HOME/2010/CIPS/AG/019.

5. Conclusion

2012 was the year of the supposed Apocalypse. Of course, the Mayan prophecies do not come true in the form and content of the grim realities of "fortunetellers" described. But our world was marked by many events that left their mark on each of us, in one way or another.

But earthquakes, storms, hurricanes and fires not only brought death and property damage, they significantly changed the way of thinking and doing business in many parts of the world.

We cannot escape the lessons of Mother Nature, which show us that everything is transient and natural laws rule over all of us. But we could be prepared, both we and our business, so that we can adequately overcome the
challenges of today and tomorrow’s days in a way that allows us to move forward, not the next disaster to turn out the end of the world for us.

Repeatedly proven tool that can successfully help us overcome potential crises in our work is the implementation of an effective Business Continuity Management System in our organization.

And not only that. Considering the fact that this system is close liaison with all other subsystems (without exception) from the Management System of the organization, and that only it defines specific requirements for all of them, we can sufficiently confidently state that it is the linking unit in corporative management. What benefit brings such a conclusion? The smallest effect of such an attitude in thinking and action is to create conditions for viability and prosperity of any business organization.

References
