

Protecting your business from ‘Unknown Unknowns’

Most businesses have a continuity plan to ensure they are able to continue operations successfully and protect financial security, employees and customers in the event of disaster striking. The plan is, however, only as good as the imagination and strategic planning that creates it.

Ken Charman, CEO of Simulstrat, explains that this means businesses are only prepared for conceivable threats. He explains that in order for a plan to provide a business with the highest levels of protection it must consider how the business would sustain itself in a worst-case scenario.

The world sniggered when former US Secretary of Defence, Donald Rumsfeld proclaimed that the United States faced a threat from ‘unknown unknowns’ – the risks the Department of Defence knew it didn’t know. But, while his point was poorly delivered, when you look at the deeper message behind it, business leaders would have done better to listen than to have poked fun.

In a world that arguably faces more threats to safety and security than at any time in history - avian flu, terrorism, and violent climactic events, to name a few - a robust business contingency plan is an essential item in the corporate toolkit. At a minimum level, the plan should cover the following five key areas:

- Ensuring the robustness and flexibility of emergency communications for key staff and extending workflows and infrastructure to key suppliers, where feasible.
- Protecting records-infrastructure, data security and secure physical and electronic access to key databases and essential records, even under extreme conditions.
- Providing the capacity to substitute essential services (including food and water supplies and medical services) to staff and their families where normal services fail.
- Focusing attention to societal resilience in the local areas of operation, engaging with local government to improve emergency plans and building adaptive capacity to cope with shocks. Encouraging a range of effective early interventions to stabilise conditions will enable the organisation to cope with displacement, support local livelihoods, provide appropriate social safety nets in crisis, and communicate effectively with local communities.
- Engaging, supporting and protecting the skilled personnel needed for security, maintenance, repair and rebuilding of key assets and specialist equipment.

The problem is that most plans only provide a strategy for the risks that strategic planners and business leaders conceive as likely to impact their organisations (think Rumsfeld’s ‘known knowns’) and as a result do not provide a strategy for continuity above and beyond these eventualities. Another problem with continuity plans that only plan for known disasters is that, when implemented in catastrophic (unknown) events, they fail much more quickly than when implemented in situations for which they have been designed.

So, what should you do when a well-tested continuity plan fails and the business is on its knees? There are the five steps to building a "Natural Resilience" that should be built into a business plan that will allow you to survive a worst-case (catastrophic) shock.

Communication and intuition are building blocks

In a Worst-Case scenario ‘normal’ communication is lost very quickly. Consequently, opportunities to regain control, and limit losses, are missed.

Disaster Recovery/Response teams must learn how to communicate in these situations. This requires the ability to read signals, cross check sources, extrapolate, and probe in order to build a vision of reality from available (and often incomplete) data.

Reality bites

Having built a picture of reality, it is essential that first responders are sober and down to earth. You don't need to be an optimist to survive - you need to be a realist.

Unfortunately, in a crisis or disaster most people prefer denial to reality. Faced with new and unknown threats senior managers either assume that the threat is not as serious as it is in reality, or that all is lost – often far too early. This approach is only a short-term way to calm emotions, but resilient people/organisations face reality.

An effective plan for survival and recovery has to be based on truth. This is something the military understands very well, but the private sector does not.

Have a deep and strong belief system

A corporate belief system gives your actions a meaning beyond the current moment. When your business faces impossible odds this allows key individuals to transfer their thoughts to a situation where beliefs can be maintained; this can simply be a belief that life is valuable and worth protecting. Whatever the belief, it sustains a motivation to act. Combat veterans who perform incredible acts of bravery, for example, usually cite the survival of their colleagues or unit their rationale.

Companies understand this mechanism - they have mission statements, but what they really need is a mission statement that is genuinely motivational and believed, rather than one that appears on marketing collateral but fails to resonate with staff. While this has become increasingly difficult to achieve with the disappearance of the 'job for life' and reduced employee loyalty to an organisation, research shows it is still possible to build a strong belief system.

Keep the team together

Ensuring that the disaster response team retains the desire and ability to function intuitively as a mutually supporting team, even when normal structure and meaning has been removed, is critical to managing a catastrophic incident.

This flows from the belief system. In a worst-case shock where normal structure and processes might be destroyed and the recovery process might not work the whole organisation – but in particular the response and recovery team – might need to reconstruct itself from the wreckage. If investment is made in team building coaching this should happen naturally. This will encourage communication, sharing of experiences, development of confidence in colleagues, understanding of individual strengths and weaknesses, and the ability to share in both triumphs and failures.

As long as people understand the benefits of collaboration and hierarchy, a new structure will emerge naturally, even in the worst case.

Plan to improvise

The father of war gaming and grand military strategy – 19th Century Prussian Army Chief of Staff, Helmuth Von Moltke - was famous for saying that “No plan survives first contact with the enemy”. He developed the theory that to achieve the big objective the planned steps towards it have to be adapted and adjusted.

This almost guarantees that even the best tried-and-tested business continuity plans will need to be reviewed and revised as a threat unfolds, but by developing the improvisation skills of your first responders you can arm them

with the tools they need to make the plan evolve effectively to protect your business and its stakeholders.

So, while Business Continuity plans cannot predict an ‘unknown unknown’ or what will be left of infrastructure and resources in the event of an unforeseen catastrophic disaster, by arming your key personnel with the skills they need you can significantly improve the chances of business survival. Careful contingency strategising and planning, simulation and training for first responders, and undertaking regular reviews as the corporate or geopolitical landscape changes can limit casualties and ensure that when the dust settles your business will still be operating.

By Ken Charman
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Simulstrat runs simulations based on war-gaming methodology to test and validate the assumptions behind key business strategies. It models problems, explores solutions and helps develop strategies, resilience and training.

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