

The true value and return on investment of business continuity

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ABSTRACT

The phrase *return on investment (ROI)* is commonly heard when groups or organisations attempt to demonstrate the value of a particular activity. 'Is it good for us?', 'Is it worth the investment?' and 'Should we continue to fund the endeavour?' are all valid and important questions. The challenge for business continuity professionals is to address the question, 'What is the ROI of business continuity?' in ways that will be meaningful to the person wielding the budget stick. In the 'olden days', colleagues would point to their business impact analysis, with pie charts and bar graphs showing the cost of business downtime if an event occurred. They would sit back and say, 'See? We provide ROI because we addressed The Bad Thing!'. But is

that really the best that continuity professionals can do? This paper peels back the question of ROI and addresses the value proposition of business continuity. The goal is to broaden the conversation, by instead of talking about how much money business continuity efforts will save the company, and instead to focus on the value that business continuity provides every day.

Keywords: business continuity, crisis management, business continuity governance, return-on-investment, value-on-investment

THE TRUE VALUE AND RETURN ON INVESTMENT OF BUSINESS CONTINUITY

One of the biggest challenges for those charged with overseeing a business continuity programme (BCP) is to prove that the programme is worth its cost. They will be asked the dreaded question: 'What is your programme's return on investment (ROI)?'. This paper seeks to address this issue by framing the question differently — what if continuity planners talked about *value* on investment instead of *return* on investment?

THE DREADED QUESTION OF RETURN ON INVESTMENT

The dreaded question can be framed in a number of ways:

- ‘What is the return on investment of your continuity planning efforts?’
- ‘How much will you save the company?’
- ‘How much will you make for the company?’
- ‘What does this do to the company’s bottom line?’

Answering any one of these questions can be really tricky. One possible response might be along the lines of, ‘Based on our business impact analysis (BIA), we know that our plans will protect us from any *significant* downtime. That downtime is projected to cost us [fill in the blank] dollars per second that we are down’. The executives around the table raise their collective eyebrows and one of them goes in for the kill: ‘When did that happen last and how much did it cost us?’.

In all likelihood, you have lost that round.

The traditional definition of ROI means — very literally — return on investment. In other words, what is needed is proof that the company has received back at least as much money as it invested in the programme. One can always point to the programme’s BIA, point to the planning efforts, correlate the two — and pray for the best. If a serious outage has occurred, the argument is pretty easy. The problem is that most business continuity/recovery (BC/DR) professionals have had no disasters or plan activations, or — worse yet — the situations they faced were easy.

Simply put, a different response is required.

For years after the Loma Prieta earthquake in 1991, many companies in the San Francisco Bay Area would proudly proclaim, ‘We did all of that business continuity/disaster recovery/crisis management planning and didn’t have to use any of it (or little of it)!’. Practitioners soon learned that such situations are lose-lose events.

But what if the entire conversation changed and things were thought about differently? In other words, is there another, perhaps more meaningful, way to show *value* — value for the work done, the services provided and the impact that the BCP actually has on the overall enterprise?

Consider, instead, the following questions:

- ‘What is the value-add of business continuity?’
- ‘Is that value-add only good in a disaster?’
- ‘Is there a way to show value to the organisation on a daily basis?’

ANOTHER OPTION: VALUE ON INVESTMENT

Is it possible to tie dollars invested to desired — and realistic — company outcomes? What about outcomes such as:

- increased resiliency;
- competitive advantage;
- effective staff training; or
- more thoughtful business processes?

Overwhelmingly, the answer is ‘yes’, and to do that, it is important to discuss *value* and something called value on investment (VOI).

VOI was first defined by the Gartner Group in 2001 and is now a leading practice in evaluating an organisation’s intangible assets. VOI is described as the ‘intangible assets that contribute heavily to an organisation’s performance’. The key word here is *intangible*. These intangible assets include knowledge, processes, organisational structure and the ability to collaborate — which is what BC/DR can provide. VOI is the measure of the intangible benefits of a project or an activity. By the very nature of things, VOI will include some aspects of ROI, but that is not the

place to end up. Instead, the goal is to talk about *value*.

Shifting to a VOI approach instead of an ROI approach provides the necessary forward-thinking framework for scoping, prioritising and initiating continuity projects. For example, in response to the executive's question, consider the following instead:

'We use the concept of VOI because we are working to measure the idea of creating company resilience, of tying planning outcomes to increased employee skills, and of creating value through collaborative planning and learning at every level of the organisation'.

Not only is that vastly different from the stock response of 'Our BIA and plans will protect us!', but demonstrates the real value of your programme.

VOI helps measure the total value of 'soft', or intangible, benefits derived from continuity initiatives, *in addition to* those 'hard' benefits measured by ROI. VOI is, of course, subjective and would be difficult to measure with the same precision as ROI. Yet a VOI approach is critical to allow funding for continuity planning efforts that provide the competitive differentiation necessary for the success of the efforts.

So, what about other internal departments such as human resources, purchasing or finance? Do they suffer from the same challenges and questions related to their ROI? Not so much. Some departments (eg human resources) may have regulatory requirements or have existed for so long that their value is not called into question. By comparison, business continuity is the 'new kid on the block' and some in the company simply do not see the value or the need for the expense.

For what it is worth, BC/DR professionals are not the only ones to struggle

with this. Anyone researching the topic of VOI versus ROI will find many groups working through the same questions, including organisations and programmes such as higher education, not-for-profits, professional associations, think tanks and technology initiatives.

The key thing for the BC/DR profession to do is to embrace this challenge, and rather than see it as a difficulty or burden, see it as an opportunity and something that, given our background, can easily be addressed.

START BY REFRAMING THE CONVERSATION

The first step begins with reframing the conversation, and moving it away from ROI to VOI. There are many ways to do this, but a good one is to spend some deep and quality time discussing three basic questions:

- 'What is the company [fill in the blank] (business continuity, disaster recovery, etc) programme presently doing that provides value to the company?'
- 'What should the [fill in the blank] (business continuity, disaster recovery, etc) programme begin doing that would provide additional value to the company?'
- 'What [am I/are we] doing to provide value to the company?'

A whiteboard activity is a good way to start thinking about these questions. Here, the goal is to broaden one's thinking about what the programme is doing now and/or could do, and identify what everyone is doing to contribute to the success of the programme's mission.

Here are ten ways to set up a great brainstorming environment to capture ideas. These will help make that whiteboard activity really pop:

- Establish goals for the session.
- Set a timeline for the session.
- Give everyone on the team a homework assignment. Tell them to bring to the session at least ten ways that the BCP provides value. They can be silly ones, great ones, boring ones — bring any and all of them.
- Create the environment for success. Be prepared at the start of the meeting with sketchpads, sticky notes, coloured markers or enough amount of whiteboard space for everyone involved.
- Write down and/or sketch out every idea. *Every* idea, good or bad, should be presented.
- Don't judge. Embrace the ridiculous — at the end of the day, it might be the best idea in the room.
- Start with general topics and then move towards the specific.
- Look for synergy among the ideas. There is often potential for creating synergy among originally separate suggestions.
- Be bold — the BCP does a lot to support the company, think of all the ideas.
- Avoid falling in love with your own ideas. Shop them around and see how they hold up.

Once the whiteboard activity has been completed, create a company white paper that notes all of the contributions and ways that the BCP adds daily value. This should be a good-looking, 'slick' publication that will attract attention — perhaps a Word document, slide deck or interactive presentation.

EIGHT IDEAS ON VALUE ON INVESTMENT

To stimulate conversation once brainstorming has finished, this section provides eight different ways that the BCP might provide VOI.

Idea 1: Regulatory (or contractual) compliance

Meeting industry requirements, such as the Federal Financial Institutions Examination Council (FFIEC) guidelines for financial institutions, is an obvious value-add. Of course, not all industries are not subject to requirements from external regulators. Nevertheless, in such circumstances, the idea may still apply, most obviously if a major customer requires its vendors to comply with specific regulations.

For example, take the FFIEC Appendix J requirement, 'Strengthening the Resilience of Outsourced Technology Services'. This requires that third-party vendors meet certain requirements for planning and testing. Is your company one of those third-party vendors that must meet these requirements? Or is there a contractual requirement from a customer in order for them to do business with you? It is thanks to an excellent continuity programme that meets their requirements that your company can do business with them.

Working in partnership with the sales team, develop a set of metrics to capture the business that the company 'likely' received because the BCP met the necessary requirements to bid on the job. This is not the time to be shy: brag about the programme and the advantages that it provides clients and the company sales and marketing teams.

Idea 2: Competitive advantage

It might go without saying, but most organisations and companies prefer to do business with those organisations with a higher ability to deliver products and services on time. Delivering products and services on time includes when a disaster has happened at a facility. Customers may be sympathetic, but they still want their widget and/or service on time.

After the impacts of Hurricanes Harvey and Irma, many US companies faced the question of 'How do we get our [fill in

the blank]?’ Follow these types of reports and use them to tell a story about what the BCP can and would do when faced with a similar challenge. Use every opportunity to tell this story.

In addition, having a comprehensive and tested BCP (one that includes IT recovery, business continuity and supply-chain resiliency planning) assures customers of the company’s ability to deliver on the mutually-agreed service-level agreements and thereby demonstrates value to them.

Finally, where competitors lack a BCP, or at least such a robust programme, this can be highlighted in sales presentations and contract pitches.

Idea 3: Brand and reputation protection

Comprehensive business continuity and crisis management programmes help protect organisations from the negative publicity that could result from a disruption to operations. It is a great thing for a business to be known for reliability in spite of a serious outage.

And if — or more likely, when — the ‘Bad Thing’ happens, your communications and executive teams will have a great story of resilience to tell, instead of an ‘Oops!’ story. Every time a disaster or crisis affects your industry, stop and ask, ‘How could we have responded? What would we have been able to do differently? What sets us apart?’ Those deep dives inward and thoughtful discussion tell a story and it is all about the brand and reputation of the company.

Idea 4: Risk identification

While performing hazard risk and business impact analyses across all physical locations and within each process or function, threats and vulnerabilities will always be discovered. This critical risk identification, then, allows the organisation to mitigate the risk where possible and prepare for

the risk by developing plans and conducting exercises and training to improve performance.

Every time a risk is discovered, this provides the opportunity to make operational changes or physical enhancements that will reduce or eliminate the possibility of some or most of the organisational risks. This saves money at the time of a disaster, and may also contribute to insurance savings on an annual basis.

Idea 5: Operational improvement

When performing risk assessments and developing continuity plans to recover from those risks, it may become apparent that the greatest value of a comprehensive business continuity planning process is awareness. This is awareness that is gained from examining the details of one’s own business process, not just how to plan for a disruption.

The planning process can create increased awareness that results in opportunities to make operational improvements, often in areas not previously explored. These improvements can result in more efficiencies and increased productivity. During a recent exercise, a team failed a particular time-sensitive business process with a 60-minute recovery time objective (RTO) yet the client said it was no big deal. How so? The client sheepishly confessed that they had stopped doing that particular process at the end of the previous year and had never updated the BIA or BCP. In other words, they had many plans and expensive technology requirements in place to meet an RTO that was no longer needed — money that could now be released for other things, resulting in big cost savings.

Idea 6: Knowledge capture

How effective are your training materials? Do they cover everything that someone would need to know to perform that

function? What is the condition of the standard operating procedures? A tremendous amount of critical day-to-day business information is often scattered among spreadsheets, original documents, or in the heads of a few subject matter experts. What happens when that expert is on vacation or — worse — if they retire? This is increasingly an issue in many companies as baby boomers leave the workforce, often taking a head full of knowledge with them.

Business continuity planning is a perfect avenue to collect and organise that information for future use (including process improvements), and to prevent the information from being lost forever. It is a great way to build a training programme or to enhance the skills of more junior staff.

Idea 7: Increased robustness

The business continuity planning process can strengthen the organisation, not just by preparing for major disruptions, but also by giving employees the skills and knowledge to react more effectively to mitigate smaller everyday problems as they arise, and before they can become major disruptions.

Everyone knows what it is like when the most senior person with everything in their head goes on vacation. People scramble frantically to make sure they know what to do if something goes wrong. Just think of the amount of increased resiliency that could be created by transferring information through plans, documents, training and exercises. Everyone's knowledge will increase, along with the company's ability to recover.

Idea 8: Deeper knowledge

EMS Solutions completed a major cyber exercise with a client. One of the initiatives from that exercise was to develop manual workarounds for critical business processes whenever possible. Originally,

the staff said that many things could not be done manually at all, but something interesting happened when they really started to peel apart the work. They discovered that there were, indeed, workarounds for some of the most critical activities. To be sure, those workarounds were not easy and they were time-consuming, but they could be done. The manual process gave the team a much deeper knowledge about it that they had ever had before, and a much greater understanding of how it all worked together. This kind of learning is invaluable.

Even in routine planning, when engaged in the planning process, clients say that they actually learned even more about their current processes and how to do them more effectively and efficiently. Even for veteran employees, this process can lead to a deeper knowledge, which can help the day-to-day work.

COMMUNICATING VALUE

This brings us to the question of communicating the value being created in the business continuity programme, plans and exercises. It is important to start thinking of business continuity as a product that needs to be marketed strategically within the organisation.

These marketing efforts can be divided into two categories: overt and covert. Overt marketing efforts are just as the word describes: they are conducted in the open and are plainly or readily apparent to everyone. For example, one could encourage employee home preparedness during the month of September, which happens to be 'National Preparedness Month'. To build resiliency requires employees to show up at time of disaster, and they will only show up if their families and homes are OK. One way to make this more likely is to encourage home preparedness; thus activities related to National Preparedness

Month feed into a win-win for the programme and the company.

Covert marketing, on the other hand, is not openly acknowledged or displayed. There are ways to share information and knowledge, thus informing others, but also demonstrating the value the BCP provides. For example, where a manager is keenly interested in cyber attacks and cyber preparation, it would be very appropriate (and help build the programme's value) to keep him or her informed of key attacks or responses by other similar companies or competitors. Keep them in the loop on things that they might not likely see themselves, thereby reinforcing the value the BCP brings to the organisation. In addition, when appropriate, make an analysis of contemporary events and share the findings with key individuals.

Whenever key events occur, find ways to bring the information to the right people in the organisation:

- Write after-action reports for real activations or exercises. Be sure to outline the ways that the continuity process

helped, the key lessons learned and next steps.

- Refer back to the internal marketing plan. Tell the story of real activations or great exercises through internal communications vehicles, such as company articles, white papers and/or presentations.

WHERE TO GO FROM HERE

Now that you are, perhaps, thinking about things a bit differently, there is work to do:

- Get the team together to 'whiteboard' the value question.
 - Be creative. Be bold. Never shy away from the question.
 - Proudly tell your story.
- Prepare your elevator speech.
 - Be ready to share the top five (at least) values on investment that the continuity programme provides to the company.
- Start spreading the word.
 - Start today.
 - Build the internal 'overt' and 'covert' marketing programme.