

**[ Emergency Planning &  
Disaster Recovery + ] =  
Business Continuity**

**Post-Buncefield**

**CIPD Herts Branch 14<sup>th</sup> June 2005**

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**Copy of presentation on website –  
[www.riskfrisk.com/news/presentations](http://www.riskfrisk.com/news/presentations)**

# Agenda

- **Corporate overview**
- **Human Resources & Risk Management**
- **Buncefield overview**
- **Business Continuity Management**
- **Human Resources aspects of an emergency**
- **Pose questions**
- **Discussion/workshop**

# Questions/discussion points

- **Lessons learned**
- **Business risks – HR involvement**
  - **Desired**
  - **Current reality**
- **HR risks**
  - **Identified**
  - **Not identified**
- **HR's own plan**
- **HR plan for input to BCM**

# What is 'driving' your business?

- Your business goals & objectives – profit, profit, profit?
- Your shareholders / stakeholders?
- Your overall operational/business processes?
- Your management process?
- Your commercial realities?
- Your 'customer' expectations?
- Your regulatory requirements?
- Your HR, H&S and people risks?

# Directors Responsibilities

## Generally:

- Understand how their business creates risk, including H&S and HR risks
- Understand what controls are required
- At least annually review their systems of control (Turnbull)
- Not to assume that 'no serious losses / incidents / accidents' = no exposures i.e. no 'time bombs'
- Not to rely on policies & procedures (what we call chocolate fireguards)

# What do directors need to know?

- Need to understand what is actually going on in their business – not what they think is going on
- Need to understand how their organisation is creating risks
- Need to understand where are their most significant ‘management failures’
- Need to understand at a strategic, management & operational level what they can do to manage their significant risks and potential ‘failures’
- Need to understand the ‘journey’, time scales, resources and commitment levels

# Risk Averse 'Box-Ticking'

- **Reacting to legislation**
- **Doing the absolute minimum re legal requirements**
- **Introducing polices to justify function – silo approach**
- **Not taking a broader approach**
- **Restricting initiative and creativity**
- **Focus on minimising / eliminating 'all' risks**
- **Stop people being creative/playing school games**

# Risk Managing

- **Looking at the way the business is actually run**
- **Looking at what creates risk within the business:**
  - **Organisational factors**
  - **People factors**
  - **Business processes**
  - **Commercial factors**
  - **Operational processes**
- **Designing a system that is:**
  - **Strategic, Integrated**
  - **Run by executives / managers / employees**
  - **Supported by H&S professionals, NOT run by them**
  - **Focused on the risks, not legislative compliance**

# Which one is this?

## Purple Haze



## Boxes Ticked?



## Result?



# Risk Profiler™ Example



Designed by same American architect that designed Diana Princess of Wales fountain in London

# HR and Risk Management - 1

- **‘People Management’ – May 06, three articles about HR’s role in risk management:**
  - 1. Preparing for a disaster – another 7/7, bird flue?**
    - **Need to go back to basics – create a tailored plan**
  - 2. Demonstrating care for employees – managing ill health & injury absence & consequences; improve training**
    - **Implications for customer service & brand**
  - 3. Support maximising performance & improve influence at more senior levels; use correct language**
    - **Adding value is a balance – maximise opportunities & minimise risk; not risk averse**

# HR and Risk Management - 2

- CIPD Change Agenda Report – May 2006
  - “Risk and Performance: HR’s Role in Managing Risk” – HR-related risk issues identified by HR:
    - **Culture issues**
      - Continuity of leadership
      - Leadership culture
      - Objective setting/reward for executive managers
      - Management behaviours
      - Performance culture
      - Addressing diversity
      - Employee behaviour and misconduct
      - Employee integrity and competence
      - Workforce diversity failing to respond to opportunities
      - CSR and ethical issues

# HR and Risk Management - 3

- **CIPD Change Agenda Report (continued)**
  - **Employee engagement**
    - Brand & reputation issues
    - Employee commitment
    - Change management programmes
    - Mergers and acquisitions, TUPE/outsourcing
    - Transformation of HR function
    - TU membership/Industrial relations/strikes
  - **Legislative compliance**
    - Health & safety regulation
    - New legislation
    - Employee litigation
    - Equal pay equal value
    - Regulatory compliance e.g. Sarbanes Oxley

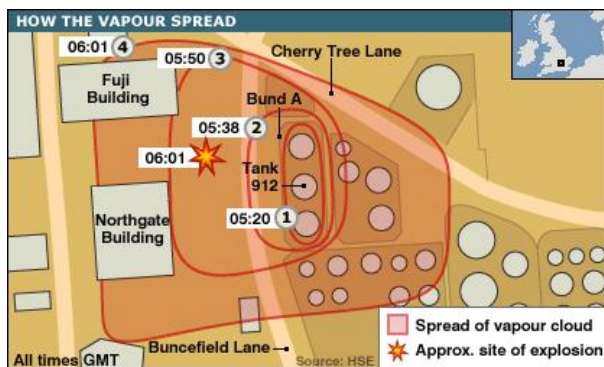
# HR and Risk Management - 4

- **CIPD Change Agenda Report (continued)**
  - **Resourcing issues**
    - Recruitment difficulties of key groups
    - Retention of key staff
    - Workforce current skills shortages
    - Management skills deficits
  - **Development issues**
    - Workforce planning
    - Future talent requirements & succession planning difficulties – front line & specialists
    - Career management
    - Developing key competencies for the future
    - Leadership skills

# HR and Risk Management - 5

- **CIPD Change Agenda Report (continued)**
  - **Costs and productivity**
    - Pension scheme funding
    - Insurance and underwriting
    - Sickness and absence management
    - Performance management
    - Best-value reviews and cost challenge
  - **Employee protection**
    - Health and safety management
    - Employee health & well being
    - Political and social stability of local environment
    - Business continuity planning

# Buncefield pictures



# Buncefield overview - 1

- 16,500 people worked for 630 companies on estate
- 400 businesses were affected, schools closed etc
- 88 businesses with 'major disruption' – up to 5000 employees affected
- 43 people were hurt and none killed – a miracle
- Some buildings survived, but not the equipment
- In other cases, buildings were damaged, but equipment ok, but .....
- Full costs likely to be between £200m - £1billion
- HSE Reports focus on scale of disaster, not how it was 'allowed' to happen – significant legal issues!
- 'Piper Alpha' re-visited? No standards in place!
- Ignition source probably 'off-site'
- Planning process re building locations - query

# Buncefield overview - 2

- Majority of those on estate had no back-up plans
- However, some were very well prepared and responded well
- Significant strategic importance of site now clear
- Heathrow flights were diverted & M&S ran short of sandwiches
- Brought in to sharp focus – the interdependency of support activities to maintain an organisation
- Multi-layered back-up needed and for a long time
- Experience shows that many organisations never recover from a major disaster
- But there is another way

# Buncefield lessons learned

- Premises – well prepared quickly found alternatives – serviced, home working etc
- Stock replacement – no access & no alternatives, others switched
- Process disruption – if essentials identified, plans to recover and focus on recovery etc
- Technology transfer – some transferred seamlessly to other servers/telephones
- People concerns – pre-dedicated teams knew tasks, some on emergency/recovery, some on customers, others on employees

**How confident are you in your preparedness?**

# Business Continuity Management - 1

- **Seven P's from Business Continuity Institute:**
  - **Programme** – proactively managing the process
  - **People** – roles & responsibilities, awareness and training
  - **Processes** – ALL organisation processes, including HR
  - **Premises** – buildings, facilities and support activities
  - **Providers** – supply chain, including outsourcing
  - **Profile** – brand image and reputation
  - **Performance** – benchmarking, evaluation, testing and audit

# Business Continuity Management - 2

- **Five stage process**
  1. **Understand your organisation – what is crucial**
  2. **BCM strategies – alternative strategies**
  3. **Developing & implementing a BCM response – develop plans**
  4. **Establishing a BCM culture – embedded by awareness/training**
  5. **Maintaining and auditing a BCM – do plans remain ‘fit for purpose’?**

# HR aspects of an emergency

## ‘People Management’–Sept 2005: What should HR do?

- Become familiar with the plans – people implications?
- Review potential scenarios – affect on people?
- Analyse the business impact – alternate people costs?
- Establish an HR strategy – key priorities – KISS
- Plan for the eventuality – 2 fronts – people & HR team
- Communicate with colleagues – provide input to plan
- Make it real – take it seriously – awareness + training
- Train hard, fight easy – test plan, amend, test again
- Support crisis managers – help them to help themselves
- Learn the lessons – review quickly & audit trail

# Further reading

- **Website – [www.ukresilience.info/preparedness](http://www.ukresilience.info/preparedness)**
- **New British Standards – available end 2006:**
  - **BS 25999-1:2006 Code of practice for BCM**
  - **BS 25999-2:2006 Specification for BCM**
- **CIPD Report:**
  - **“Risk and Performance: HR’s Role in Managing Risk” via CIPD website**
- **Book**
  - **“Managing Risk – The Human Resources Contribution”**
  - **ISBN – 0 404 971455**