

Continuity

The Magazine of the Business Continuity Institute

SUPPLY CHAIN FALL-OUT

Management rethink needed
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A black and white line drawing of two figures in suits, one on the left and one on the right. The figure on the left is holding a red apple with a green leaf. The figure on the right is holding an orange with a green leaf. The background is a light blue grid.

A PRIVATE TAKE ON THE PUBLIC SECTOR

Roy Whittle applies a private sector perspective to a local authority, and highlights the many complexities that make straightforward comparisons between the two areas virtually impossible

When my colleague Cliff Daly and I were invited to support a local authority in the development of their BCMS, we approached the project with a view to combining our private sector experience with their current processes. It was clear from the outset that we must avoid any risks of hammering square pegs into round holes. Accordingly, we began by making the comparisons of this particular public sector environment with what we were used to working with in our backgrounds in the high-tech sector.

This article, therefore, does not attempt to be an all-embracing comparison of the two sectors, but a summary of our observations of the organisational differences that presented themselves during this particular project.

A complex environment

We have often heard it said that the public sector is a more complex environment than its private sector relative. Our conclusion is that this may well be the case. Whilst I am sure that some people could point to large and vastly complex private sector organisations, our initial impression was that what we saw in this public sector example did indeed harbour complexities that most private sector organisations do not face.

For example, in a simplified model, a typical private sector organisation can enjoy the opportunity for a unified focus on a specific product or service (or at most a range of products and services that is determined by organisational choices). In terms of implementing management systems, including BCMS, we can view the organisation as being aligned to focus on the delivery of those products or services with a view to creating profit and protecting stakeholder interests.

By its very nature, however, a local authority has many disparate delivery lines that are defined, not by their own choices, but by the requirements of the public, legislation, social environment and by the way in which their political masters choose to respond to their ever-changing challenges.

At first we sought to make informed alignment. Could local government cabinet be compared to private sector board? Could customer choices and the effects of economic change be compared? However, our conclusion was always the same – such alignments are an oversimplification. In the private sector, we are certainly not used to an organisation, for example, being obligated to deliver a service as a matter of legal requirement. Neither were we used to all end customers having the right to directly select a board of directors by public vote on a prescribed frequency. We soon came to see that seeking to align the sectors in a simplified fashion was to risk attempting to apply that square peg to an obviously round hole.

It should also be noted that there is one further and substantial difference between many public sector services and those typical in the private sector; namely, that the public sector is often required to provide services that have a life or death impact. Even where this is not the case, those services can often have substantial social and welfare implications. Accordingly, an important conclusion was that, whilst BCM is, or should be, highly valued in the private sector as a means of protecting stakeholder investment, it is often even more relevant in the public sector where lives can be put at risk if normal business is disrupted.

Beyond this, BCM is also a legal requirement for Category 1 Responders, including local authorities, under the *Civil Contingencies Act 2004*.

So, where was the common ground? Well, in essence, management systems can be seen as sector independent. In the case of a BCMS, BS25999 was created with such independence in mind, allowing the standard to be applied irrespective of sector or of organisational size.

We looked at the Standard in light of our findings and concluded that this was indeed true. After all, at its very essence, the Standard seeks to put in place a framework in which an organisation can ensure continued delivery of its goods and services, irrespective of the nature of those deliverables. Taking this view, we could see how the Standard might be just as well suited as a cross-sector process. As such, we set about examining organisational readiness for a new management system.

A systems approach

One thing that soon became clear as a difference between the sectors was that, in our experience, the private sector is more used to organisation-wide management systems in general. This is most likely due to widespread implementation of systems such as quality management systems and, in more recent times, systems such as BCMS in the private sector. Such systems, by their very nature, usually permeate an organisation, applying common processes and driving change through continuous improvement. Many private sector organisations have embraced a plan-do-check-act approach as a part of business as usual.

By contrast, it seemed to us that the public sector took a somewhat justifiable view that services such as, say, caring for the vulnerable in the community and, for example, maintaining highways or managing waste disposal, were so different that common management systems were less suitable or sustainable. Furthermore, local authorities are less used to change and tend to employ core processes that have stood the test of time. Certainly this was in stark contrast to our own experiences in the high-tech industry where change is frequent, rapid and a part of the fabric of organisational behaviour. However, given the structure of BS25999, there was clearly an opportunity to bridge these gaps.

As such, we concluded that the greatest differences when planning and implementing a BCMS in the public sector are likely to be in the areas of very high numbers of delivery chains (more than 150 separate service lines for example) and in management of change in such a way that the BCMS becomes successfully embedded within the culture of an organisation less used to change.

We also considered differences in supply chain management, recognising that whatever processes we defined for measuring organisational change within the local authority should ideally be suited to measuring the same cultural and process changes within the organisation's supply chain. We noted, with particular reference to supply chain management, that local authorities face specific challenges when compared to the private sector, especially in the area of length of contracts awarded. The public sector contracts we experienced were typically longer than those we had experienced in the private sector. This led to the need to introduce new requirements for BCM to suppliers who, in many cases, were midway through long contracts.

Again, the disparity in environment and the nature of public sector business may justify these differences

(would it be reasonable to place a short-term contract for a care home, leaving residents at risk of being moved if the contract is subsequently awarded elsewhere in a year or two?). It should also be noted that some public sector suppliers, for example utilities companies, tend to have highly robust and regulated BC arrangements in place already.

“In the private sector, we are certainly not used to an organisation, for example, being obligated to deliver a service as a matter of legal requirement”

Identifying the best approach

With all of the above differences noted and agreed, we set out to identify the most appropriate approaches and methods from our private sector experience. At all times, our objective was to create a ‘best-of-both-worlds’ scenario in which methods we had proven experience of in the private sector could be used to assist in supplementing existing public sector processes in creating a strong BCMS.

Firstly, we were sensitive to the need to get exactly the right resolution for service continuity planning. To this end, it was important to ensure that as many of the vastly different service lines as necessary had specific continuity planning arrangements in place.

As stated above, many of these services were not only in place to meet customer expectation but also to meet statutory requirements. In some cases, the existence of statute gave greater clarity to requirements for BCM. For example, when considering maximum tolerable periods of disruption and recovery time objectives, managers were often clear about their specific duty to deliver services within certain timeframes.

As a consequence of considering optimum plan resolution, we found that a local authority is likely to require a much larger number of individual, departmental or service level plans than a private sector organisation of comparable size. Standard project management techniques were useful in managing the development and implementation of the BCMS, but needed to be established with greater resolution. We also found it helpful to bring to bear multiple cultural change methodologies and to use maturity modelling and competency frameworks to measure such change within the organisation and their supply chain.

Whilst it is clear that none of the techniques employed exist wholly in one sector or the other and that, to a large extent, it will be rare to need to create brand new practices, it is also clear that both sectors can benefit from exchanging ideas, experience and best known methods. It is our expectation that further collaboration between sectors will be of great benefit to all concerned and that such work is well supported by BS25999 which, demonstrably, provides a solid framework that is independent of sector.

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