

Business Continuity Management – Are you prepared?



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"It's not a matter of if a disaster strikes, but how well you are prepared and ready to give assurance to your stakeholders that you are in control when it does."

Business disruptions are occurring at a pace never seen before. Organisations of all sizes are experiencing disruption from a variety of forces - disruptions are often highly significant, yet unforeseen and ill prepared for. This has recently been emphasised by COVID-19, the recent looting that cost organisations in excess of R20 billion in damage and affected more than 40 000 business in Gauteng and KwaZulu Natal as well as Russia's invasion of the Ukraine that has a worldwide impact. This is just the tip of the iceberg when it comes to business disruption.

Other events that are prevalent include but are not limited to Cyber incidents, business interruption and critical infrastructure blackouts. This is according to the Allianz Risk Barometer 2022¹. In a nutshell, risk of business interruption can be physical, virtual, reputational, and always financial and this is where Business Continuity Management (BCM) can come into effect.

What is Business Continuity Management (BCM)

Business Continuity Management (BCM) is a proactive, forward-thinking approach which entails organisations having plans and procedures in place to deal with difficult situations, so an organisation can continue to function with as little disruption as possible.

Objective of BCM

As we can see from Figure 1, one of the main objectives of a Business Continuity Management (BCM) programme is to limit the potential impact an organisation may be exposed to as well as to reduce the time taken to recover from unforeseen incidents / disasters. The forward-thinking approach will assist and enable

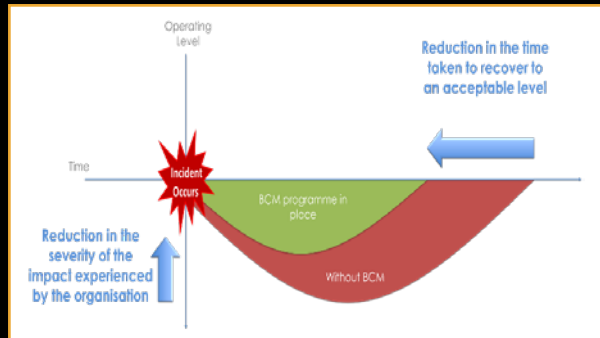


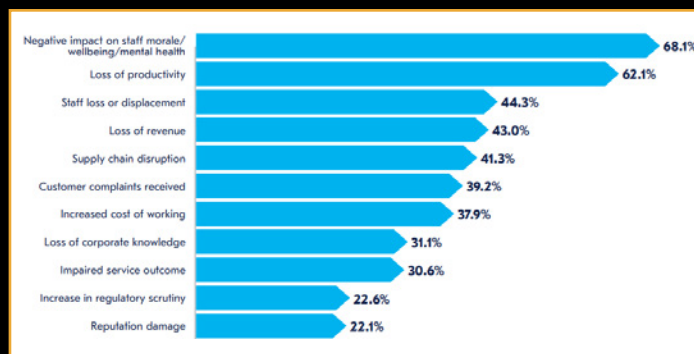
Figure 1 - Objective of BCM

organisations to respond and react to unforeseen incidents in a more effective and efficient manner.

In addition to reducing the impact an organisation may be faced with, BCM may assist with refining business processes and enhance their operational procedures to overcome any potential shortcomings and understand how vulnerable and prepared their organisation is to business disruption.

Consequences of Business Disruption According to the Business Continuity Institute (BCI) horizon scan report, over the past 12 months, the main impacts of business disruption resulted in the following:

To put things into context, an indicator of the financial impact associated to a negative impact on staff morale / mental health, The World Health Organization² reports that the global economy loses \$1 trillion (around R15 trillion) every year in decreased productivity due to mental health issues.



So how do we implement BCM?

At a high-level, when designing and implementing a BCM programme, an organisation will need to analyse its operations. Understanding key processes, activities and outputs is essential to understand the exposure your organisation may be faced with. As per best practice, key components include:

• Policy and Programme Management

(Governance) – A top management function

whereby roles and responsibilities are defined. One of the critical drivers for sound BCM and resilience are that it should be taken up multi-disciplinary, and it should be positioned strategically within an organisation. Setting the tone at the top, whilst active top management involvement allows for better integration and effectiveness of a BCM programme.

• Business Impact analysis and Risk Assessment

– Identification and classification of critical processes, activities, and outputs to be recovered. The stage whereby business disruption impact is qualified and quantified.

• **BCM Strategy** – Recovery solutions that have been assessed based on time taken to implement, cost and feasibility that an organisation will action in the event of a business disruption.

• **Business continuity plan implementation** – The phase whereby business continuity plans (BCPs) are developed. These plans will highlight the procedures to be followed during a major, unanticipated, and disruptive event.

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1. <https://www.agcs.allianz.com/content/dam/onemarketing/agcs/agcs/reports/Allianz-Risk-Barometer-2022.pdf>

2. World Health Organization [undated]. Mental health in the workplace. WHO [online]. Available at: <https://www.who.int/teams/mental-health-and-substance-use/promotion-prevention/mental-health-in-the-workplace> (accessed 15 March 2022)

Trade Minister's New Lotteries Board Picks to Clean Up Corruption

Rushing to clean up the corruption-plagued National Lotteries Board, South African Trade Minister falls foul of accusers stating he has not followed regulations to fast track his own lottery operator.



In an effort aimed at cleaning up the controversy-plagued National Lotteries Board, Minister of Trade and Industry Ebrahim Patel has fallen foul of One South Africa Movement leader, Muse Maimane, who has accused the Minister of “unilaterally” appointed the new board so that it would fast-track the new lottery licence to his preferred bidder, as well as channel funds to the next ANC elective conference.

In March, a week before the then-current Board's term expired, the Minister instated four new appointees to the National Lotteries Commission's board, including Willie Hofmeyr, the former corruption-busting head of the Asset Forfeiture Unit. All four new board members were appointed from 22 March 2022 until 31 March 2023. The calibre and experience of the new board members sends a strong signal that Patel is determined to end the corruption that has plagued the NLC. The other appointees are Dr Cassius Lubisi, who retired as Secretary of Cabinet in 2020; Precious Mvulane, an accountant, auditor and businesswoman; and Beryl Ferguson, a businesswoman and South African National Biodiversity Institute board deputy chairperson and a former Cope Member of Parliament. Ferguson last year unsuccessfully applied for the NLC board chairperson position.

Prior to the new appointments being made, the then-current board was longer quorate following the resignation last year of William Huma after he was confronted with evidence of

his alleged corruption, uncovered by the Special Investigating Unit (SIU), and the recent death of Muthuhadini Madzivhandila.

The new appointments were challenged in court by the previous board who sought an urgent order to force Patel to appoint board members or extend the term of the current board. The matter was due to be heard on 24 March but the NLC withdrew the matter from the roll after confirmation of the appointments.

NLC Commissioner Thabang Mampame had argued in her affidavit to the court that Patel's failure to appoint a new board would have serious consequences as it would impact severely on the commission's ability to operate and to disperse funds.

Now, in the latest challenge to the new Board, Muse Maimane claims that, when Patel appointed former director-general in the presidency Dr Cassius Lubisi and former head of the Asset Forfeiture Unit Willie Hofmeyr and others to the board, he did not follow the Lotteries Act, which specifies that “the minister (must) publish and call for nominations”.

It is alleged by Maimane that Patel personally called the new members and offered them a seat on the board without advertising, interviewing and shortlisting anyone, as prescribed by the Lotteries Act.

But Maimane said this board appointment had to be stopped at all costs, as it marked the start of a new wave of state capture.

“It is our informed view that the process of the appointment of this board must be challenged, given the urgency of the multibillion-rand licence renewal next year.

“Maybe it is a coincidence that these appointments and the licence renewal coincide with the forthcoming ANC elective conference. We all know what happened during the CR17 campaign, when President Cyril Ramaphosa was elected as the leader of the ANC,” Maimane said in newspaper reports.

The new board has been appointed for 12 months. The current lottery licence holder, Ithuba, has alleged in court documents that Patel is trying to frustrate them and force them out in favour of his preferred bidder, one of the funders of the CR17 campaign.

Minister Patel's spokesperson, Bongani Lukhele, has said: “The minister is satisfied that the appointment of these members is in full compliance with the requirements of the Lotteries Act, and that the composition of the board satisfies the statutory prescripts,” Lukhele said. However, he failed to indicate when the department published the advertisement for the appointment of the new board members and how many people applied and were interviewed and shortlisted for such positions. “The members are all competent and highly experienced individuals of proven integrity who collectively and individually have the skills and knowledge to perform the board's functions,” Lukhele added.

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- **Testing and exercising** – Validating contents of business continuity plans. A critical component to ensure that the effectiveness of business continuity plans have been tested and that these plans are fit for purpose and will add value in times of crisis.

- **Training and awareness** – From strategic to

operational level, training and awareness of an organisations BCM programme should be performed. Understanding of expectations should be clearly articulated to the intended audience.

In summary, a business continuity programme allows an organisation to take a proactive approach in identifying known and unknown variables. The successful application of business continuity increases an organisation's

resilience which, in turn, contributes to higher corporate performance. Resilience is widely defined as the ability of an organisation to absorb, respond to, and recover from disruptions. Business continuity uniquely provides the framework to understand how value is created and maintained within an organisation and establishes a direct relationship to dependencies or vulnerabilities inherent in the delivery of that value.