

NEW MANAGEMENT DISCIPLINES IN THE AREA OF BUSINESS CONTINUITY*

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The aim of organizations is efficient management leading to a competitive advantage. In the course of its activities, each organization is endangered both externally and internally, therefore the so-called Business Continuity Management is starting to gain importance. Its goal is to assist in foreseeing potential threats and their effects on future key processes in the organization as well as on the organization as a whole. Apart from a number of material changes influencing the running of organizations, there are a number of work activity processes whose continuity is monitored. For organizations to succeed in the market and improve their performance, it is essential to monitor all changes and ensure process continuity. The purpose of the article is to identify the relationship and the mutual links between Business Continuity Management (BCM), Risk Management, Crisis Management and Knowledge Continuity Management (KCM) and subsequently to propose advanced steps of the BCM process with respect to ensuring KCM. The contribution is based on secondary data sources.

business continuity management; risk management; crisis management; knowledge continuity management; organization; process

INTRODUCTION

Currently, Business Continuity Management (hereafter BCM) is considered a managerial discipline that focuses on the identification of potential impacts arising from negative circumstances that can threaten organizations. BCM therefore creates a framework to ensure a certain level of resistance and ability to respond to unexpected events and thus to protect not only the key organization's processes, but also its interests, for instance the market value of shares. The main areas of BCM implementation include: employee safety, internal communication in organizations, restoration of critical business processes and functions, efficient risk management and knowledge continuity.

MATERIAL AND METHODS

The aim of the article is to identify, based on a theoretical basis of Business Continuity Management, the relationship and mutual links between Business Continuity Management, Risk Management, Crisis Management and Knowledge Continuity Management (hereafter KCM) and subsequently propose advanced steps of the BCM process while ensuring KCM. The article is based on a theoretical foundation and concentrates on the above-mentioned areas of management as they are relevant with respect to current economic needs of organizations.

The contribution contains secondary data sources, in particular scientific works on Business Continuity Management, Risk Management, Crisis Management, Knowledge Continuity Management and organizations' competitiveness. The data obtained has been processed using the methods of induction, deduction, analysis and synthesis.

RESULTS

Business Continuity Management

BS 25999, the world's first British standard for BCM, specifies business continuity as a strategic and tactical capability of the organization to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level.

This standard is based on Publicly Available Specification 56 where BCM represents a holistic management process that identifies potential impacts that threaten an organization and provides a framework from building resilience and the capability form an effective response that safeguards the interest of its key stakeholders, reputation, brand and value-creating activities.

The need for BCM is given by social development. According to the US Bureau of Labour Statistics, 43% of companies that have suffered a catastrophe and never reopen and more than 29% terminate its business activities

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within three years. Threats that organizations face can be either predictable or unpredictable. BCM focuses not only on the elimination of their consequences, but also on prevention and increasing the organization's resistance to such threats. The entire BCM process is supported by a business impact analysis. It consists of the identification and assessment of the impact of, for example, an accident on the running of organizational processes, determination of key organizational processes, calculation of losses arising from the suspension of such processes, identification of resources required by such processes, and the calculation of financial and non-financial consequences based on the duration of process suspension. Within the frame of BCM the so-called business continuity plan is developed. Its content is dependent on the character, scope and complexity of the organization and is founded on the risk profile and the organization's internal and external conditions. By means of the business continuity plan, it is possible to ensure business continuity, i.e. to minimise the impacts of a critical situation and provide for a fast re-launch of business activities.

BCM may be implemented by all organizations regardless of their size or purpose of business. What is important is the support of the top management and anchoring BCM into the organizational culture in order to make all employees understand its role. BCM can be expressed by the so-called BCM lifecycle in which BCM is viewed as a continuous process (Fig. 1).

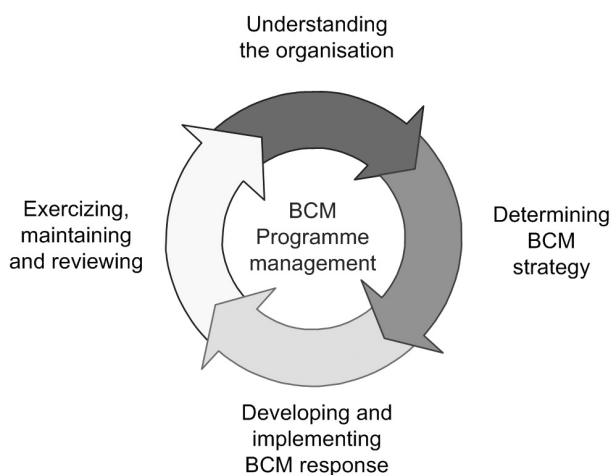


Fig. 1. Business Continuity Management Life Cycle Diagram (BS 25999-1:2006)

At present, BCM is being introduced in a number of sectors of the economy, in particular the financial sector. The reason is the great dependence of this sector on technologies that support key processes in organizations. This is confirmed by representatives of the Bank for International Settlements, according to which BCM is a priority in the financial sector. Elliott et al. (2002) state that BCM is a result of crisis management and planning and in the final result contributes, through strategic management, to an organization's success. For the efficient use of BCM,

the organization has to determine its role in strategic management.

According to Wong (2009), the basic roles of BCM in strategic management deal with four basic factors, which are as follows: long-term character, achievement of a competitive advantage, adequate means to achieve an organization's goals and organizational decisions. Strategic management is associated with a longer time horizon when goals and plans are set and directed, using organizational means, at the achievement of these long-term goals. It is therefore possible to say that BCM could be considered one of the organization's crucial strategic goals that contribute to the competitiveness of this organization. Recently achieving a competitive advantage has meant being ahead of competitors, being in the lead and doing something that is difficult to copy. It is possible, for example, to place a strategy above the frame of accepted experience while paying more attention to knowledge strategies and innovation. These innovative approaches can, according to Wong (2009), be transformed into strategies ensuring business continuity and plans that maintain and protect organizations' critical activities. Organizations that have incorporated BCM in their strategic management could achieve the so-called distinctive character, i.e. better performance compared to their competitors (Wong, 2009). Organizational means comprise two factors: resources and skills (Hill, Jones, 2004; Wong, 2009). Johnson et al. (2008) speaks about financial, physical, human, technological and organizational resources of an organization and associates them with managers' organizational skills, their co-ordination and efficient use. BCM requires the skill to plan and allocate organizational resources to support key functions and organizational units (Wong, 2009). The relationship between organizational resource management and the result is crucial. Based on the decision on the implementation of selected strategies, their realization can lead to success, e.g. in the form of profits. In order to achieve the required results, it is necessary to invest into both tangible and intangible (human) resources (Wong, 2009).

Organizations' strategic goals and competitiveness are constantly changing due to changing external conditions and organizations have to continuously accommodate themselves to these. It can be said that the roles of BCM are considered to be well-established principles of ensuring operational continuity of all critical functions and processes. In order to protect the interests of all stakeholders (internal as well as external), BCM has to be incorporated in an organization's management.

Benefits of BCM in strategic management can be summarized as follows (Wong, 2009):

- BCM helps to achieve long-term an organization's goals and aims, support the organization's strategy and improve efficiency.
- BCM as a part of organizations' strategic management contributes to the achievement of a competitive advantage (as quickly as possible and at minimal cost).
- By incorporating BCM into the system, threats and other failures jeopardising the entire organization may

be identified. This system can help executives reassess the current situation and ensure that measures are introduced to protect the critical success factors.

- BCM helps to protect the organization against threats from the external environment surrounding the organization.
- The incorporation of key BCM principles contributes to managers' decision making on a secure basis.
- Proactive BCM helps the organization to foresee that its organizational goals and competitiveness could be in danger.

In conclusion, it can be summarized that BCM is based on three essential aspects – technologies, people and processes.

BCM versus Risk Management and Crisis Management

Crisis management is a set of principles and tools that management teams and owners exploit in order to deal with crisis situations in the given organization, to lead the organization out of the crisis and bring it back to normal. Despite the almost unambiguous definition of crisis management, both in management theory and practice there are several different basic approaches to organization crisis management. These differences are given by the perception of crisis, i.e. the moment of organization crisis occurrence.

Crisis management in the broadest sense has a preventive character and starts already in the phase of preparation of organization activities whose performance may be potentially affected. In the narrower sense crisis management may be viewed as a set of principles and tools proactively applied by management in order to overcome the crisis situation in the organization affected (already in the phase of acute crisis), to lead it out of the crisis and enable its normal development. This is a so-called reactive approach. Crisis management in the narrowest sense concentrates solely on liquidation. In recent years signals began to appear emphasising the importance of seeing crisis management in a more complex perspective. The 9/11/2001 showed that it is essential to continuously prepare for such threats. If the organization is sufficiently prepared, it can respond to crisis situations in a better way and reduce the cost associated with the elimination of negative consequences.

Risk management is a proactive approach founded on prevention. On the contrary, crisis management is characterised by a reactive approach, i.e. responding to crisis and attempting to cope with the existing crisis situation. Although the conception of crisis management is currently changing and is more often perceived as management in the broader sense of the word, i.e. emphasis is placed on prevention already in the phase of preparation of organization activities whose execution may be potentially endangered; the importance of risk management process for an organization may not be overlooked. Crisis management as well as risk management should, together with organization strategic management, become part of activities of any organization.

BCM use advantages of both approaches. In terms of BCM there happens interlinking of proactive and reactive approaches. BCM should be integrated into all organization activities and should become part of everyday decision-making. BCM means a continuous, proactive and systematic approach to the management of risks on an organization level, the aim of which is to maintain the operational efficiency of the organization.

BCM versus Knowledge Continuity Management

Organizational resource protection is part of BCM (Wong, 2009). The organizational resources also include people as a production factor without which organizations would not be able to operate. People are carriers of knowledge; therefore the protection of knowledge (as a production resource) and thus the protection of employees (as carriers of knowledge) should represent one of the organization's priorities.

Knowledge continuity management is targeted at the transfer of crucial knowledge from departing employees to their successors (Beazley et al., 2002). If organizations want to use their knowledge potential efficiently, it is crucial to ensure a continuous transfer of knowledge in particular within the organization and no later than at the time when employees leave the organization. At this time the organization should already have a successor who possesses the same critical knowledge necessary for the work as his/her predecessor does. By ensuring maximum knowledge continuity, it is possible to eliminate the negative consequences of knowledge loss (for example, an employee leaving to join a competitor, retirement, an employee's death, etc.). Knowledge continuity is very important for organizations as it increases the willingness of new employees to gain new experience, reduces stress and improves their morals. It is essential for employees to transfer and share their knowledge in the course of their work, on a regular basis, but certainly before leaving the organization. The aim of knowledge continuity is to find a suitable successor for the departing employee to prevent any loss of knowledge or to eliminate it to the maximum possible extent.

Employees' knowledge is considered to be a unique source and a valuable benefit for all organizations (Nonaka, Takeuchi, 1995; Grant, 1996; Beijerse, 2000; Johannessen, Olsen, 2003). The application of knowledge continuity management plays an important role not only in the process of knowledge transfer, but also to ensure BC. BCM is an efficient means of protection against internal as well as external threats, simultaneously preserving the competitive advantage and value system integrity (Smith, Sherwood, 1995; Herbane et al., 1997). The ensuring of knowledge continuity will help the organization to ensure its competitive advantage (Argete, Ingram, 2002). Therefore ensuring knowledge continuity and the application of knowledge continuity management are basic prerequisites to preserve business continuity and the organization's performance. Continuity management should be conceptualized as the overall busi-

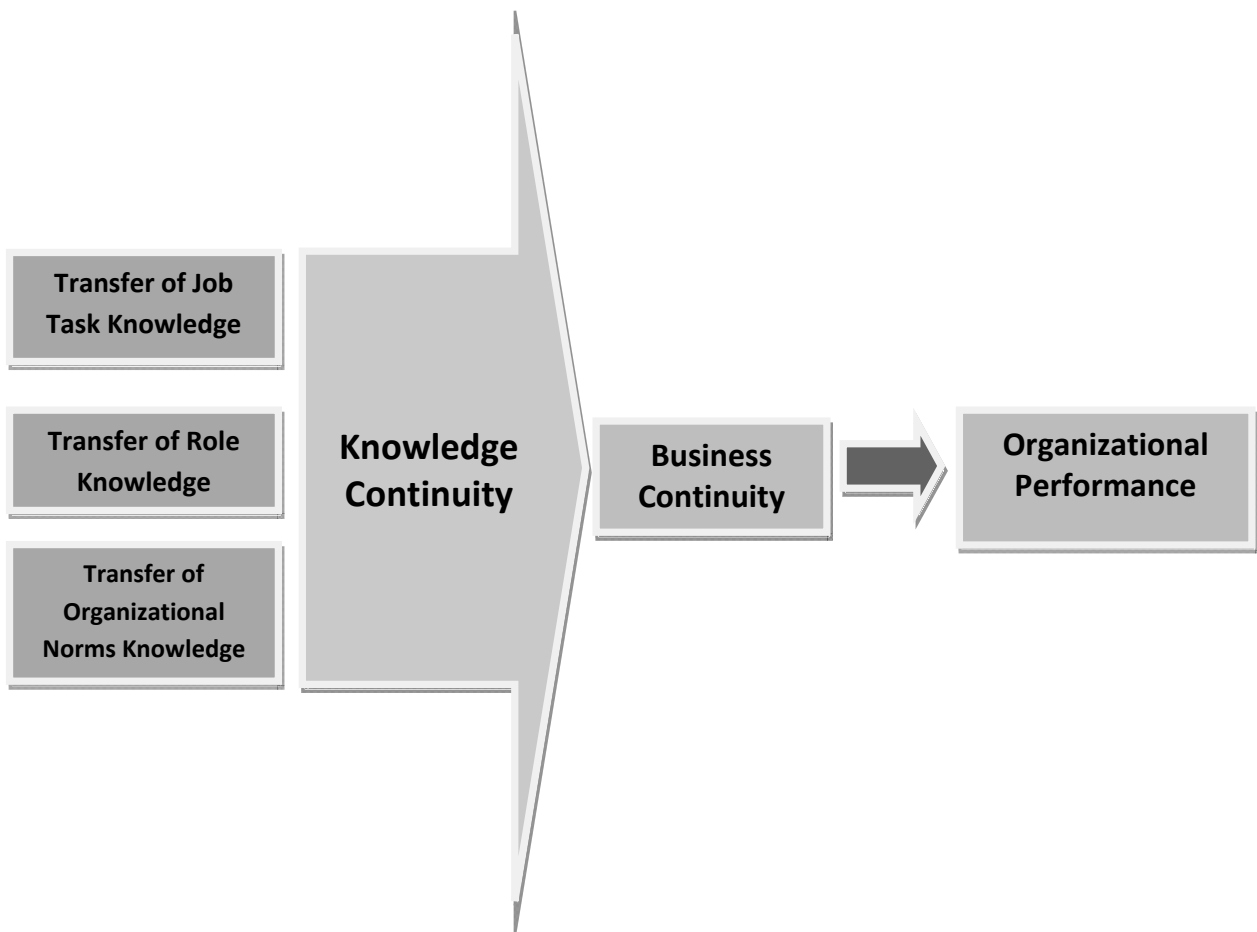


Fig. 2. Model of Continuity Management Process in Organizations

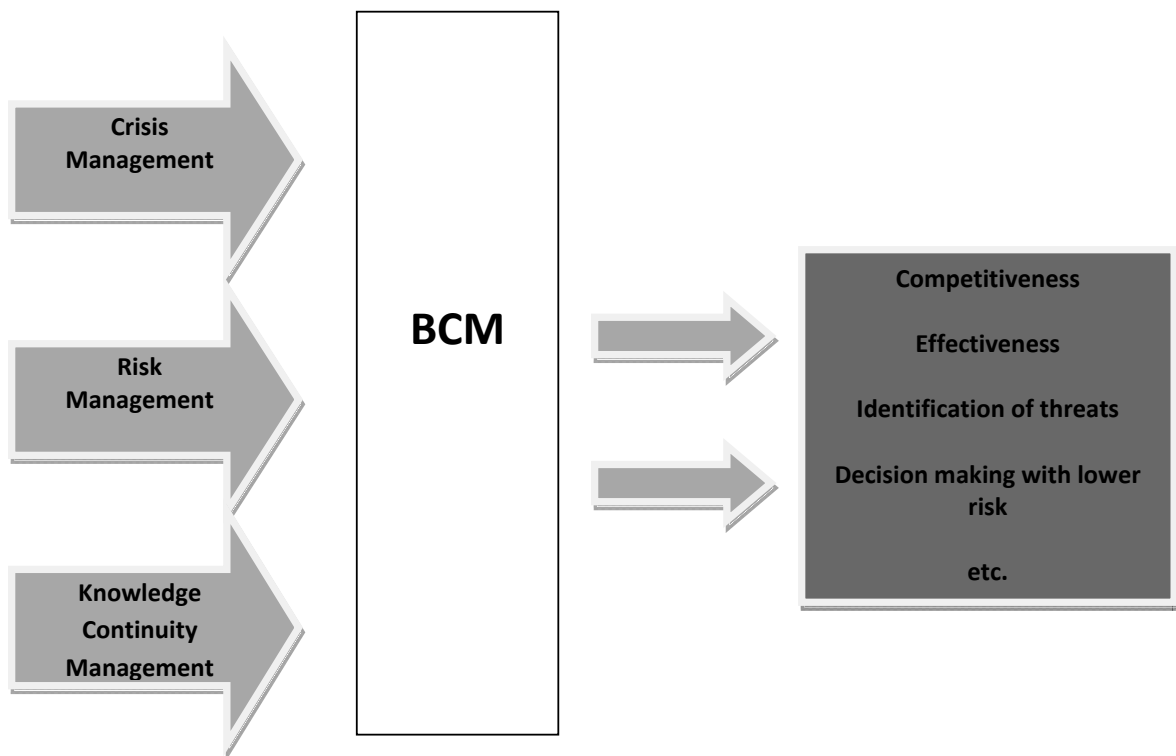


Fig. 3. Processes in organization

ness continuity management whose main antecedent is knowledge continuity (Kalkan, 2004).

Fig. 2 demonstrates the continuity of the management process in organizations. Job task knowledge, role knowledge and organizational norms are the main areas of critical operational knowledge that forms the subject of knowledge continuity management. Maintaining the continuity of these three knowledge components, based on the transfer of knowledge from leaving employees to their successors, means ensuring knowledge continuity. Knowledge continuity is essential for ensuring business continuity. Business continuity improves the performance of organizations by maintaining current competitive advantages or by creating a new competitive advantage through implementation and use of new opportunities. The above-mentioned shows that managers must ensure knowledge continuity in order to achieve an optimal level of BCM, as without knowledge employees with knowledge that is critical for the organization business continuity cannot be ensured.

The efficient transfer of knowledge among present employees (vertical transfer) in the entire organization can solve some organizational problems and contribute to success. Nevertheless, a horizontal transfer of knowledge (between generations of employees) is a complex task that can lead to a crisis. It encompasses serious difficulties because of its complicated structure (Szulanski, 2000). Future research activities should focus on informal transfer of knowledge in the field of knowledge continuity, which would support not only efficient knowledge continuity management, but also BCM. Apart from that, knowledge continuity management covers activities associated with many aspects of an organization's life and managerial practice. Various processes and factors of knowledge continuity management having influence on BCM are currently determined by the processes of socialization and information technology development that lead and will continue to lead to a deeper understanding of knowledge continuity and its impact on BCM.

DISCUSSION

On the basis of theoretical background the mutual relationship of new and existing disciplines of management and BCM have been identified. It is possible to state that Crisis Management, Risk Management as well as Knowledge Continuity Management are the foundation for BCM and together enable a higher competitive advantage and efficiency, better threat identification and better decision-making involving lower risks. Should organizations not apply Knowledge Continuity Management, they can be endangered by the loss of carriers of knowledge needed for the organization and this can evolve into a critical situation. Therefore it is necessary to apply this management discipline efficiently to ensure the continuity of all processes (Fig. 3).

On the grounds of theoretical knowledge gathered in the area of BCM and traditional management, a specific

process of introducing BCM into organizations has been proposed while also ensuring KCM:

1. Project launch – it has to include the consent and will of the management to implement the given project, determination of the project structure, method of its management (powers and responsibilities) and check of key parameters (pursuant to the area of the project connected with BCM, for example, ensuring knowledge continuity).
2. Analysis and strategy – the first task of the project team will be the execution of the analysis of consequences of the given fact on key processes, followed by the identification and assessment of risks that could result from ignoring negative effects. In the case of knowledge continuity, it is the analysis of critical knowledge (necessary for the performance of the given position) of all employees. For employees who are carriers of the so-called critical knowledge, a knowledge strategy has to be formulated that will specify knowledge sharing and transfer of knowledge to their successors. The output of this phase will be the documentation of critical knowledge without which the operation of the organization would be endangered, a list of employees who are the carriers of this knowledge and the identification of possible successors. General output can include the documentation of critical processes, resources and their dependencies. Based on the analysis a general strategy and possibilities of recovery of key sources and processes are determined.
3. Planning – the development of plans to deal with an emergency situation is one of the most important tasks defined within BCM, which is confirmed by the fact that it is the most important managerial function. The basic purpose is to define processes corresponding to the crucial activities activated in the course of or after the crisis that will lead to the fulfilment of plans and goals and the elimination or diversion of risks. When ensuring knowledge continuity in an organization, it is necessary to plan and make several basic steps, i.e. to create a knowledge profile, apply mentoring relationships, use the communities of practice, decide which knowledge is to be recorded, transferred (critical knowledge is the goal) and, last but not least, to follow the “start small” rule.
4. Implementation – an ancillary organizational structure (a team who will deal with the case based on the team hierarchy) has to be developed for emergency cases; it will be aimed at efficient decision-making and the solution and elimination of potential problems. One output of this phase is, among others, the elimination of shortcomings in the organization or its infrastructure in connection with potential risks. In the case of knowledge continuity it means that an employee leaving the organization will train his successor who has been selected based on previous analyses. There is a great potential that the successor will gain as much of his predecessor's critical knowledge as possible and will flawlessly take over his job without having any nega-

tive impact on the results of processes within the organization.

5. Strategy testing – to define the depth and method of individual tests, their time sequence and follow-up. In the case of ensuring knowledge continuity it means the scope of implementation, i.e. how many jobs should be included, as some positions are more critical than others. However, all positions require a certain minimal knowledge base in order to be performed well. Furthermore, it encompasses the depth of implementation, i.e. the volume of knowledge to be shared for each job position. There are job positions that require an employee's knowledge that is used daily and is recorded in documents and databases. On the contrary, there is knowledge in the heads of employees that is more sophisticated or impossible to record or harder to share than the above mentioned.
6. Initial test – the outcomes of the BCM project can be transmitted into everyday operation only based on the performance of the trial. Its scope is determined by the previous phases. The output of this phase will be the analysis of the test and its success. In the case of knowledge continuity it means how successful the training of the successor was and the level of knowledge continuity achieved.
7. Operational management – it is necessary to realize that even after the completion of a project there is a need for keeping the crucial outputs up-to-date (i.e. to regularly record new facts, in the case of employees to continuously enter their new knowledge, and project experience into knowledge databases) as well as to ensure, pursuant to the changing requirements and risks arising from internal and external environments, knowledge continuity.

CONCLUSION

As a result of changes in approaches and the modernisation of the media environment, organization crises are viewed as events of societal importance. Gradual globalisation forces organizations to include BCM into their common management practice. Crisis overcoming is feasible only if the majority of risks have been determined. Risk management, crisis management and knowledge continuity management are necessary to develop an efficient BCM.

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Nová odvětví managementu v oblasti business continuity.

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Cílem organizací je efektivní řízení vedoucí k dosažení konkurenční výhody. Každá organizace je při své činnosti ohrožována z vnějšího i vnitřního prostředí, proto se v současné době do popředí zájmu dostává tzv. Business Continuity Management, který má za úkol pomoci předvídat potenciální hrozby a jejich dopady, které by mohly v budoucnosti ohrozit nejen klíčové procesy v organizaci, ale i organizaci jako celek. Spolu s řadou významných změn, které chod organizací ovlivňují, existuje mnoho procesů v pracovních činnostech, ve kterých se sleduje jejich kontinuita. K úspěchu organizací na trhu a zvyšování jejich výkonu je proto nutné sledovat všechny změny a zajišťovat kontinuitu procesů.

Cílem článku je na základě teoretických východisek o Business Continuity Managementu identifikovat vztah a vzájemný vliv Business Continuity Managementu (BCM), Risk Managementu, Crisis Managementu a Knowledge Continuity Managementu (KCM) a následně navrhnout rozšiřující kroky procesu BCM s ohledem na zajištění KCM. K práci byly využity sekundární zdroje dat. Získaná data byla zpracována na základě metod indukce, dedukce, analýzy a syntézy.

business continuity management; řízení rizik; krizové řízení; management kontinuity znalostí; organizace; proces

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