



Succession and Business Continuity Planning: Considerations and Learning's from COVID-19 and Other Recent Events

*Adjusting Business Planning for the second wave or unrelated
second shocks to business continuity*

IN THIS DISCUSSION



1. Covid-19. Unprecedented Disaster
 - I. What is a Disaster?
 - II. Unprecedented Game Changer – looking at the numbers
2. World History – Other disasters in recent history
3. An overview of Disasters: Natural and Man-made/caused
4. Impact of Disasters on Business, Economies and other aspects of Human Life
5. Mitigations Against Impacts of Disasters
6. Succession Plan: A Key Business Continuity Strategy
7. Other Business Continuity Strategies
8. Looking into the future Have we seen the last of Pandemics & Disasters?
Preparedness is the answer

COVID-19: 'Unprecedented' Disaster



DISASTER

A disaster is a serious disruption of the functioning of a community or society causing widespread human, material, economic or environmental losses which exceed the ability of the affected community/society to cope using its own resources (NPFDM). In the public health arena, pandemics (such as Covid-19) and epidemics are considered disasters

PANDEMIC

A pandemic is the worldwide spread of a new disease. An influenza pandemic occurs when a new influenza virus emerges and spreads around the world, and most people do not have immunity (WHO).

EPIDEMIC

The occurrence of more cases of a disease than would be expected in a community or region during a given time period. A sudden severe outbreak of a disease such as SARS.

COVID-19- A GAME CHANGER: LOOKING AT THE NUMBERS



Globally

- So Far Over **2.7 Million Dead** (With Us Accounting For 550,000)
- Nearly **120 Million Cases**
- **114 Million** Jobs lost In 2020 (ILO Estimates)
- **255 Million** Full Time Equivalent Lost In 2020, leading to Us\$3.7trillion loss in labour income
- By mid- May 2020 **26% of all businesses globally** were not operating

Kenya

- For a time, nearly all entertainment, educational, tourism, transport and retail SMSs closed down
- Reports indicated that more than 60% of all MSME closed in 2020 will not or struggle to come back
- 1.72 million jobs lost due to Covid-19 by September 2020
- Over Kshs 560B lost over 12 months
- So far, Kshs 73.2B lost in airline business

DISASTERS IN RECENT WORLD HISTORY: Natural



Disaster/Pandemic	Impact or Estimated Death Toll
Flooding, China 1931	2-3.5 mill dead
Famine, Soviet Union 1932	>5mill.
Earthquake, China 1976	>240,000 dead
Volcano, Colombia 1985	About 22,000
Hurricane, USA 2005	About 1800 dead, US \$150 bill. damage
Tsunami, Indian Ocean 2004	About 240,000 dead

DISASTERS IN RECENT WORLD HISTORY: Man-made



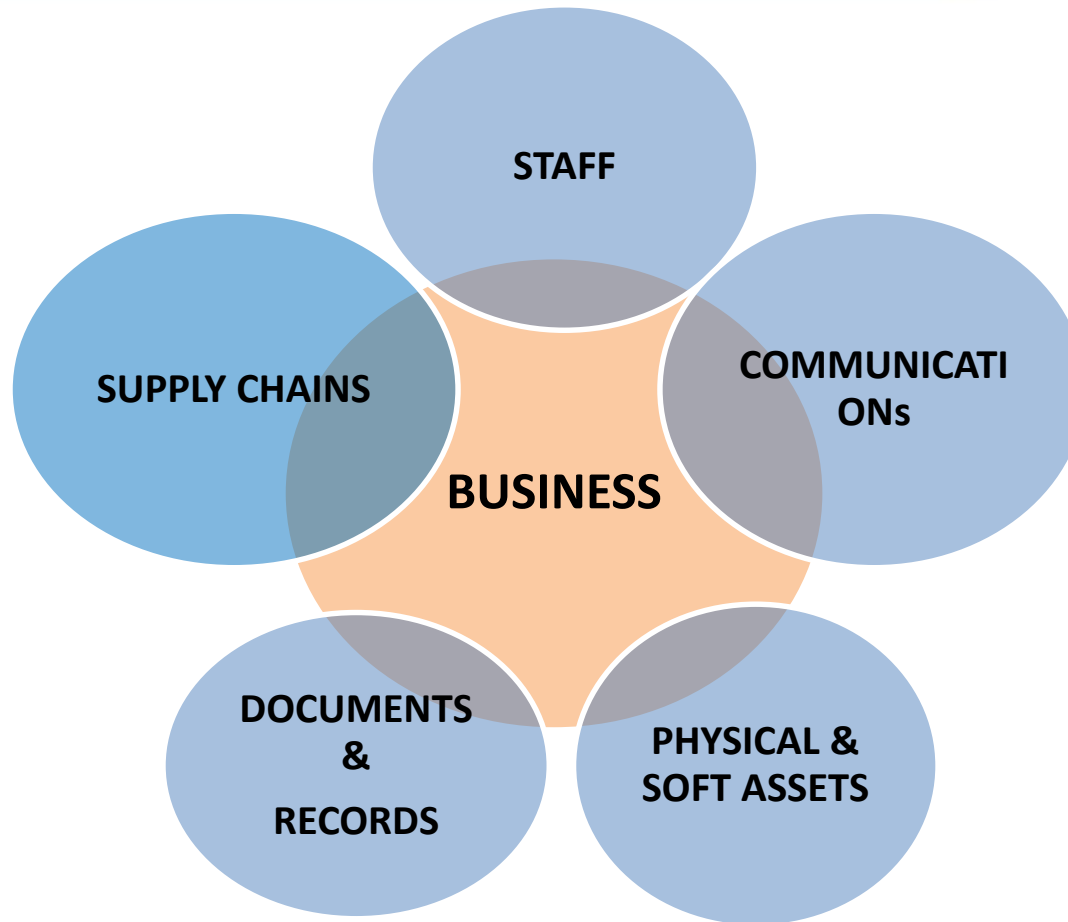
Disaster	Impact or Estimated Death Toll
Chernobyl nuclear power accident 1986	Exact number unknown but thousands got radiation exposed
The Deepwater Horizon oil spill, 2010	<20 people died but thousands of sea animals and birds died and with devastating environmental damage
Bhopal (India) disaster, Union Carbide 1984	15-20,000 died and >500,000 exposed
The Great Smog of London, 1952	>12,000 died and >150,000 hospitalized

DISASTERS IN RECENT WORLD HISTORY: Economic & Political



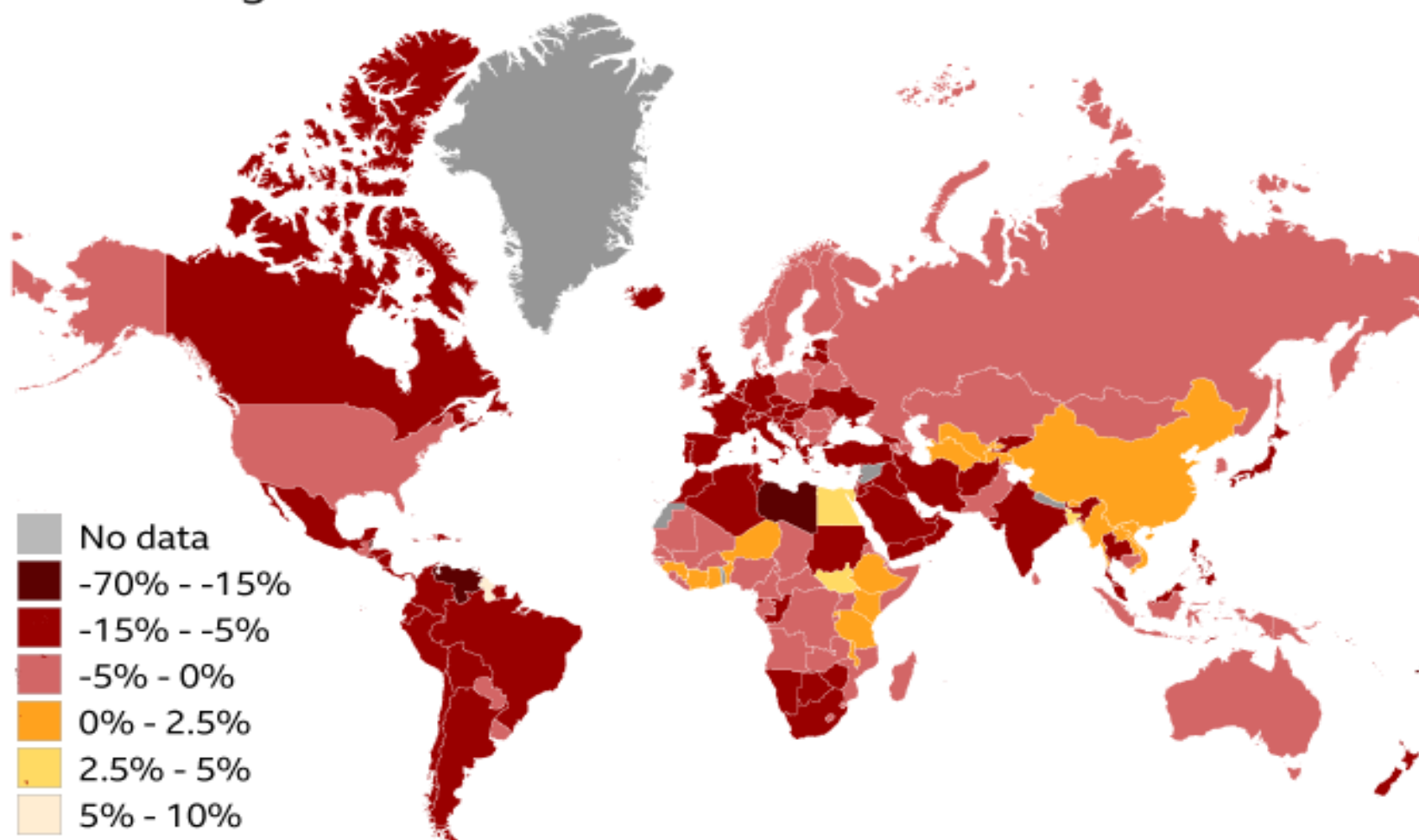
Disaster	Impact or Estimated Death Toll
World War 1, 1914-18	20 million dead and 21 million wounded; many economies destroyed
The Great Depression, 1929-33 +	Millions affected. Massive destruction of wealth, record unemployment rates
World War 11, 1939-45	>75mill died many more wounded and economies destroyed leading to famines and epidemics,
The Asian Financial Crisis, 1997	All South Asia affected with GDPs falling at between 10-45%.
The Financial Crisis of 2007–08	More than US \$10tril in wealth lost with millions rendered jobless

IMPACT OF DISASTERS ON A BUSINESS



Majority of countries in recession

Real GDP growth



Source: International Monetary Fund

BBC

Planes Grounded By Covid-19



PANDEMICS & DISASTERS: IMPACT ON BUSINESS /ECONOMY



Hurricane Katrina, August 2005: Over 1800 deaths, USD \$125B damage in one week, mainly in New Orleans, US



PANDEMICS & DISASTERS: IMPACT ON BUSINESS /ECONOMY



Wreckage from Japan earthquake and tsunami of 2011



Vision: A world class Professional Accountancy Institute.

PANDEMICS & DISASTERS: IMPACT ON BUSINESS /ECONOMY



Sheep hoping to grace outside closed McDonald

Vision: A world class Professional Accountancy Institute.

PANDEMICS & DISASTERS:



Kiambaa Church Fire, Jan 2008



PANDEMICS & DISASTERS:



‘Deserted’ Venice, Italy March 2021

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IMPACT OF DISASTERS ON BUSINESS / ECONOMIES AND OTHER ASPECTS OF HUMAN LIFE



A man stands next to the wreckage a vehicles washed away on March 18, 2019 in Chimanimani, eastern Zimbabwe, Cyclone Idai



DISASTERS ARE INEVITABLE; THEY CAN ONLY BE MITIGATED



We cannot stop natural disasters but we can arm ourselves with knowledge: so many lives wouldn't have to be lost if there was enough disaster preparedness. Petra Nemcova

REMEMBER, When disaster strikes, the time to prepare has passed, Steven Cyros

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DISASTERS ARE INEVITABLE; THEY CAN ONLY BE MITIGATED



It wasn't raining when Noah built the Ark.

Howard Ruff

Some people don't like change but you need to embrace change if the alternative is disaster

Elon Musk

We learn from every natural disaster. Whether it's a fire or a flood, we learn something from it so we can respond to the next one better.

Malcolm Turnbull

DISASTERS ARE INEVITABLE; THEY CAN ONLY BE MITIGATED



- Natural and Man-made disasters are part of us. You cannot wish them away. You can only plan that when they happen, we have some reasonable mitigations based on all the knowledge we could have acquired.
- And remember, there were predictions that Covid-19 could happen, but many governments and businesses took no action.
- We discuss below actions we can take to minimize the degree of pain/loss and possibly survive and thrive disasters when the strike.

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MITIGATIONS AGAINST IMPACTS OF DISASTERS: MINIMIZE LOSS OF LIFE



- The most important action we can take is to survive disaster is to increase our (us human beings) chances of survival. Rationale for this:
 - All that we do is able us
 - Business is about human beings
 - Businesses are run by human beings, for human beings
 - An increasingly accepted model for business sustainability is that business must consider three factors; **people**, **planet** and **profit**. Clearly the first P, is by far the most important: people as business owners, people as business managers and operators, people as business suppliers and customers, etc
- Preservation of Human Life is generally regarded as a basic value. Human life, even for its own sake, should respected, valued and preserved; because there is 'reason for human life', an objective that is fundamental.

MITIGATIONS AGAINST IMPACTS OF DISASTERS:SUCCESSION PLANNING



- For business continuity, it is important that there are people to continue the business, even after a disaster, because the people left are not able or willing to continue the business, then the business will fail. Ensuring that there are able people to run the business, even in the event of exit, irrespective of cause, is called **succession planning**

WHAT IS Succession Planning ?

- Succession planning is a process of deliberately looking out and developing individuals who can take up positions in an organization should a vacancy arise, for whatever reason, to minimize undue disruptions and ensure operations continues efficiently, even in the absence of people who have exited. Succession Planning is fundamental in disaster management policy

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PANDEMICS & DISASTERS: SUCCESSION PLANNING



Principles of Succession Planning

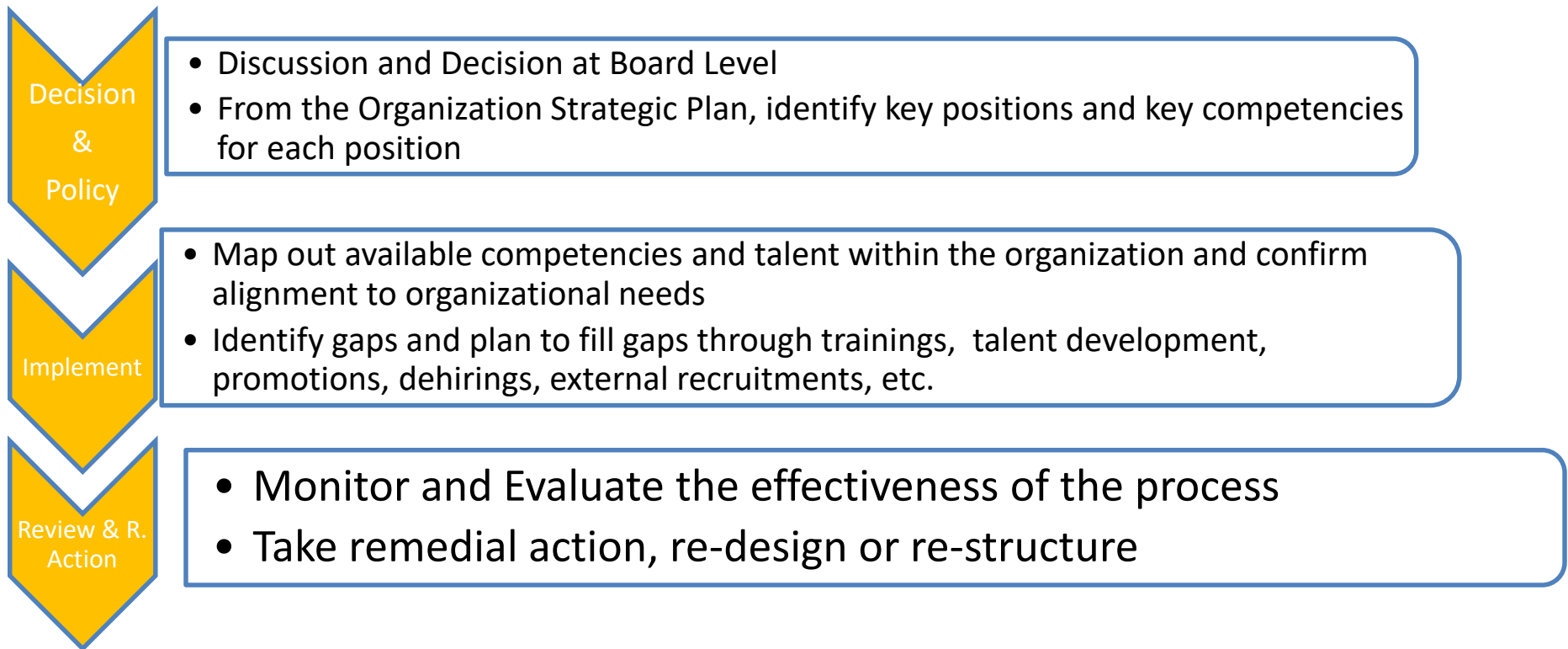
- SP is a strategic matter, and in an organization, must be owned by the highest strategic organ; the Board;
- Change is inevitable, and for an organization to remain relevant and competitive, it must accept and plan for change;
- As part of the overall corporate strategy, resources needed for successful implementation should be availed with leadership from the top;
- Like other strategic results areas, it must be monitored, measured and remedial action taken where necessary;
- It must therefore be given attention and requisite action, like all other strategic functions of the organization;
- It must be flexible to accommodate new developments and change dynamics at both corporate level and the external environment

NB- SP should incorporate a talent management policy.

PANDEMICS & DISASTERS: SUCCESSION PLANNING



Key Steps in Succession Planning



PANDEMICS & DISASTERS: BUSINESS CONTINUITY PLANNING



The other measure involves a careful look at everything else that has direct or indirect impact on business continuity

- **What is a Business Continuity Plan (BCP):** a policy document that sets out how an organization would respond should a risk event happen. A risk event is anything that negatively disrupts planned business continuity. Such events may include natural or man-caused/made disasters as seen above.
- Like succession planning, overall BCP should be anchored and be part of the corporate strategy.
- The reason for this is that should a major risk event take place without some adequate a forethought plan, the business could be at risk of major loss if not outright collapse.
- In discussing the fact of inevitability of disaster, we quoted: *'...When disaster strikes, the time to prepare has passed'*
- BCP is a form of pro-activeness that ensures preparedness before disaster strikes.

PANDEMICS & DISASTERS: BCP



Key Steps in Business Continuity Plan

- Ensure the top echelons (CEO & the Board) are sold to the idea of BCP and that it anchored in the overall corporate strategy. Once there is this assurance, the following steps could be useful:
- **Identified what is expected of your organization**, both internally and externally (some industries have specific and sometimes very strict requirements for risk management);
- **Carry out a comprehensive risk assessment.** This is a critically important exercise and involves:
 - Evaluation of the company's risks and exposures
 - Assessment of the potential impact of various business disruption scenarios
 - Determination of the most likely threat scenarios across the business
 - Assessing how systems and processes of communicating during the period and after the event would be managed
 - From the assessment, arranging and sequencing of findings

PANDEMICS & DISASTERS: BCP



Key Steps in Business Continuity Plan

- The next useful step is to undertake a **Business Impact Analysis** (BIA) which attempts to identify and quantify the impact in the event of disaster on all business. A well executed BIA may help to identify business functions that could be outsourced as way of distributing risk without loss of control. This process essentially executed using a suitable tool can be used to re-engineer the business to a possible new phase of its development.
- The next step is development the BCP complete with how it should be implemented and managed, resourcing it will all necessary support fully owned by the organization from the top down. All staff must fully aware of its existence and should fully trained on how it should work in the event of disaster.
- It is important that the BCP is put in place but it is tested for its efficacy and resilience but also maintained and sustained through the life of the organization.

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Covid-19 & OTHER RECENT DISASTERS: LESSONS for BUSINESS



One of the ingredients for an effective BCP is testing. While organized testing is very important, it can never replace the 'test of real disaster'. Covid-19 has been, and continues to be, a real test.

There are many lessons we can and have learnt. These include:

- Technology is key to survival for modern business;
- Old-age habits can be challenged and changed;
- It is important, wherever possible, to diversify service and product offerings as part of risk management;
- Putting in place a well diversified communication strategy great asset;
- Businesses with deeper financial resources stand better chance to survive;
- Strategic and business plans must be adaptable and flexible to the greatest extent possible;

PANDEMICS & DISASTERS: FUTURE



The future is not predictable but there are some things we know could happen, at any time without warning, or with not enough time to prepare; one of which are disasters, both natural and man-caused or influenced. The table below is just a pointer of some disasters that could strike with little or no notice:

Disaster Category	Possible Cause
Pandemics & Epidemics	Natural (and man influenced)
Climatic- typhoons, floods, droughts	Natural & Man
Tectonic- volcanoes, rising sea-water levels,	Natural
Economic- financial crises, famines	Man

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PANDEMICS & DISASTERS: FUTURE



Disaster Category	Possible Cause
Political – wars, terrorist, uprisings,	Man
Environmental	Natural & man
Industrial	Man
Technological	Man
Biological & Chemical	Natural & Man

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PANDEMICS & DISASTERS: PREPARING FOR THE FUTURE



In a write-up in 2014 by Greg Satell, contributing to Forbes identifies some things to expect from the future. Let's look at three of these:

1. **Change Will Happen Much, Much Faster-** those who have been confronted with the frustration of re-working a 'well-thought' strategy upon discovering that you did not consider a key information know what this means.
2. **You Will Have To Learn To Collaborate With Machines-** already become reality as machine learning and artificial intelligence take the lead in many industrial, financial and other processes
3. **Your Business Model Will Not Last-** "...we can no longer extrapolate from the past to understand what lays ahead, but must experience it and adapt as it happens. We can no longer plan, we can only prepare" so planning is essentially preparing

PANDEMICS & DISASTERS: PREPARING FOR THE FUTURE



We are reminded of a novel, **Brave New World**, by Aldous Huxley, published in 1932. The author conceived a futuristic dystopia **World State**, whose citizens are environmentally engineered into an intelligence based social hierarchy, with huge scientific advancements in all branches of science that ultimately conditions society that is easily manipulated by 'one person'

Though this is just a novel, the reality of the future is that we shall have to rely more and more on **science and technology, continual innovation and invention** and **advanced knowledge**. This means a huge shift towards knowledge works as opposed to brawn workers (including classic professional workers who acquired skills and competencies in particular specializations, locking themselves away from the rest)

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PANDEMICS & DISASTERS: PREPARING FOR THE FUTURE



“...the unfortunate reality is that Covid-19 may not be the last pandemic. We do not know when the next one will arrive, or if it will be a flu, a coronavirus or some new disease that we have never seen before. But what we do know is that we cannot allow ourselves to be caught off guard again. The threat of the next pandemic will always be over our heads, unless the world takes steps to prevent it. “ Bill Gates

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