

# PLANIRANJE KONTINUITETA POSLOVANJA ZA RAD U PODRUČJIMA VISOKOG RIZIKA BUSINESS CONTINUITY PLANNING FOR OPERATIONS IN HIGH-RISK ENVIRONMENTS

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**Sažetak:** Promjene u modernim strategijama ratovanja omogućile su privatnim poduzećima da djeluju u područjima koja su prije bila smatrana nedostupnima za komercijalne aktivnosti u tradicionalnom smislu. No poduzeće koje radi u području visokog rizika suočava se s dodatnim skupom prijetnji koje moraju biti uključene u plan kontinuiteta poslovanja poduzeća. Ovaj rad daje pregled najvažnijih faktora koji se moraju razmotriti vezano za komercijalne djelatnosti u područjima visokog rizika, s naglaskom na specifičnosti planiranja kontinuiteta poslovanja za takva okruženja.

**Ključne riječi:** kontinuitet poslovanja, neprijateljsko okruženje, područje visokog rizika, poslovne sigurnosne procedure.

**Abstract:** Changes in modern warfare strategies have made it possible for private businesses to operate in areas that would previously have been considered non-permissible for commercial activities in a traditional sense. However, a business operating in high-risk environment faces an additional set of threats that have to be accounted for in the company's business continuity plan. This paper provides an outline of major considerations for hostile environment commercial operations, with an emphasis on specifics of business continuity planning for such environments.

**Keywords:** business continuity, hostile environment, high-risk environment, business security procedures.

## 1. INTRODUCTION

Business continuity (BC) planning may be defined as the identification and protection of critical business processes and resources, critical meaning those the functioning of which is indispensable to maintaining an acceptable level of business operations. It also encompasses the preparation of procedures to ensure the survival of the organization in times of business disruption [1]. Alternatively, BC planning can also be defined as the creation of a logistical plan dealing with procedures for recovery and partial or complete restoration of interrupted critical functions of an organization. This results in a document called a business continuity plan, whose purpose is to minimize the duration of the recovery and restoration phase, as well as the cost of the recovery, by providing a pre-planned set of tested guidelines.

In an ideal situation, the implementation of a business continuity plan in the event of a disruptive influence would ensure the complete preservation and seamlessness of business operations viewed from the outside of the organization, with no loss whatsoever. In reality, however, that is not a realistic expectation, especially if the

disrupting event was something more serious. This is particularly evident for businesses operating in areas of increased risk.

## **2. BUSINESS OPERATIONS IN HIGH RISK AREAS**

Although it is evident that throughout history areas of increased risk had a certain amount of appeal for businesses daring enough to operate in such environments, it is only in relatively recent times that decisively unstable theaters of operations present themselves as fully legitimate territories for conducting large-scale business operations [2]. While areas considered as being active war zones have been viewed as rich in opportunities by semi-legal companies and organizations dealing primarily in providing combat-related services, this situation has now changed to include lawful and legitimate businesses which detected an opportunity to supply their goods and/or services in an environment not yet saturated with competition. This is a consequence of, at least in part, the changing nature of warfare. Modern strategy admits the fact that it is not always feasible to operate in clearly separated stages, the first being establishing complete control of the area, followed by rebuilding of infrastructure and economy. Since positive control may be elusive for prolonged periods of time, it is more profitable to conduct military and business operations parallel to each other. This is the reason why theaters such as Iraq and Afghanistan have witnessed such an effort poured into the rebuilding of the economic infrastructure regardless of the lack of proper stability.

Apart from encouraging the development of local businesses, high risk areas have proven to be an irresistible temptation to many businesses originating in the states supplying the military power operating in the region. While the politics and ethics of the current approach to foreign-based companies operating in unstable areas can be debated, that is beyond the scope of this paper. It cannot, however, be disputed that unstable regions attract an ever-increasing number of companies conducting all sorts of business operations in those areas. And while any company needs a properly developed and implemented business continuity plan regardless of its theatre of operations, it is evident that companies conducting business in areas of increased risk need to adopt a special approach to business continuity planning including appropriate incident response guidelines [3].

## **3. SPECIAL CONSIDERATIONS FOR BUSINESSES OPERATING IN HIGH RISK AREAS**

For the purpose of this paper, the terms high risk (HR) and hostile environment (HE) will be used interchangeably, as they primarily refer to areas of operation (AO) where a business (and/or the individuals and groups conducting that business) are exposed to a significant risk of direct or indirect hostile actions by either the local population, or by some other group carrying out aggressive activities in that area. In this context, the term high risk does not encompass natural threats such as floods, earthquakes, volcanic eruptions and the like. While those also present a significant risk to business operations in areas prone to natural disasters, the philosophy of BC planning for HR environments is necessarily different.

Prior to deciding to commit to business operations in a hostile environment, a company has to take into account several key considerations. An overview of those considerations is provided in Table 1.

**Table 1:** Key planning considerations for business operations in HE

<i>Segment of consideration</i>	<i>Relevant questions</i>
Geography	Can an efficient supply chain be established between home country and AO?
Political and legislative issues	What is the nature of relations between home country and AO? What is the level of stability and permissiveness of current political regime in AO? Are the intended business operations in accordance with laws currently in effect? What is the level of dependence on specific (temporary) laws and regulations? What is the sustainability level of business in case of significant shift in political situation?
Local population	What is the prevailing attitude of the local population towards the type of business and employee nationalities? What is the availability of real-time relevant intelligence from the local population? What is the ratio of local population and imported labor within the workforce? Does the business cater primarily to foreign (military and/or civilian) customers or to the local population?
Strategic stability	What is the level of control of the AO by friendly military forces? What is the proximity of nearest area controlled by hostile elements and what is the probability of open conflicts extending to the AO? What is the sustainability level of business in case of significant shift in strategic situation?
Civil unrest and crime	What is the frequency of occurrence for civil unrests? What is the possible impact of civil unrests on BC? What is the level of crime in AO? How exposed to crime are the employees as individuals and operations as a whole?
Additional security	What is the level of available additional security? What are the rules of engagement for private security contractors? Can support from friendly military elements be secured?
Nature of business operations	How does the nature of business operations affect the level of risk exposure? What is the percentage of mobile operations and what is the security level of the terrain traversed? Can critical infrastructure and manpower be relocated according to security situation on the ground? What are the evacuation options in case of an unacceptable deterioration of security level? What is the level of acceptable

losses in case of an evacuation?
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Based on the answers to these questions, a business will decide if it is viable to commence operations in the considered AO.

If the decision is made to start conducting business operations, the appointed BC planning team starts with the development of business continuity plan (BCP) specifically suited to the characteristics of the AO. As operations in HE require attention to aspects not normally considered when formulating a BCP for regular business operations in stable environments, it is advisable to consult experts with experience in HE operations. As it can be seen from Table 1, a number of factors contribute to the overall picture which will determine the scope and modus of business operations in HR areas. Attention should be given to both short and long-term planning. Some companies enter HR areas with the specific intent on exploiting the instability of the region, and therefore their role gradually diminishes as the situation becomes more politically and militarily stable, due to the specificity of offered services. Most companies conducting more conventional business operations, however, invest in establishing position in HE with the main purpose of securing a place in the economy of the region after its stabilization by having infrastructure, thorough knowledge of conditions on the ground and connections to the local population before the market opens for more serious competition. Whatever the motivation of the company might be, operations during the instability phase pose common threats to all business, and any business intent on functioning in HE cannot neglect the inherent risks of such operations.

### **3. SPECIFIC ELEMENTS OF BUSINESS CONTINUITY PLANNING FOR HOSTILE ENVIRONMENT OPERATIONS**

Any business functioning in HE must pay due attention to security. The level of hardening of operations will depend on the perceived level of risk exposure, and can vary within a business as a function of different operational segments. In essence, security planning will be concerned with prevention of hostile actions towards the infrastructure and the workforce up to the level which can be dealt with by private security elements. The upper limit of that level will be determined by current laws effective in the AO.

Business continuity planning differs from security planning in that it provides options for situations where primary security measures have failed, or situations where private security elements cannot be reasonably expected to resolve the problem. Some of those situations threatening business in HE include:

1. Direct action threats

Direct action threats encompass all acts of violence directly and intentionally targeting the business or any of its segments (employees, infrastructure, mobile assets). Recovery procedures will largely be determined by the extent of suffered damage.

2. IED/VBIED threats

Improvised explosive devices (IEDs) and Vehicle-borne improvised explosive devices (VBIEDs) are among the most common threats faced by both military and commercial operations in modern warfare and insurgency scenarios; they are also among the most difficult to counter effectively. Consequently, it is important that a BCP accounts for proper containment and recovery procedures.

3. Kidnap/ransom threats and hostage situations

Kidnap/ransom threats and hostage situations are not reserved exclusively for HE operations, but here they will have certain aspects the responders will have to deal with that are specific to the theatre of operations. BC continuity planning for such situations will mostly deal with responsibility reassignment until the missing persons can be retrieved or replaced, as well as relations with the authorities and the media.

#### 4. Sabotage

Depending on the attitude of the local population towards the business in question, sabotage on a minor or major scale is an element that has to be accounted for in BC planning. Adequate procedures must be developed that will ensure restoration of functionality in the shortest amount of time in case of a critical dependency sabotage.

#### 5. Riots and civil unrests

Even if a business operation is not located in an area classified as a war zone or a failed state, a theater of operations prone to frequent riots with elements of violence may still require BC planning on a level suitable for HR areas. Apart from the potential for damage to business infrastructure and physical harm to the workforce, civil unrests can often be followed by sudden changes in local government, unpredictable shifts in consumer preferences or an outbreak of open hostilities.

#### 6. Loss of control over territory

Worst-case scenario of business operations in HE is complete loss of territorial control by friendly forces. It is unlikely that a business which established itself under the protection of one side in an armed conflict will be able to continue functioning in that AO should there be a change in dominant power. For such eventualities, threat level to the workforce is likely to exceed acceptable threshold, and total evacuation may be the only viable option. The evacuation procedures must be covered in detail by the BC plan, and include alternative exit strategy in case the primary exfiltration method is rendered ineffective by hostile actions in the area.

#### 7. Negative-impact change in legislation

Unstable AOs are prone to changes in legislation as the control of the territory is gradually turned over from the external forces to local government. Experience shows that local government may exhibit a level of hostility towards foreign companies operation in their area, especially if they are perceived as aggressive or threatening to local population. This can lead to legislative restrictions that can significantly impact business operations; since these cannot be ignored, BC plan must account for alternative operational methods to ensure uninterrupted functioning.

#### 8. Media considerations

Any business operating in HE is by that very fact vulnerable to negative media exposure. The risks range from culturally insensitive behavior of employees to excessive use of force by the attached security element. A number of companies operating in HEs adopt aggressive military-style security procedures. This can significantly damage the company's reputation in the AO, as well as in the home country. Therefore, a strategy has to be developed for dealing with the media attention in case of an incident in order to present the company and the actions of its employees and associates in the best possible light.

When devising business continuity solutions for those and similar incidents, all established rules for creating a BCP are to be followed. Also, testing and updating phases become especially important; this is due to the severity of risk attached to those threats, not only to business operations, but literally to physical safety of the workforce. It is generally advised that a company's BCP should be tested and updated in intervals of six months to a year. This will function well for most business in stable environments;

however, businesses operating in HR areas must adopt a real-time approach to BCP revisions. Any relevant information with impact on security has to be accounted for in both security and business continuity planning as soon as possible, rather than according to a set schedule. Business continuity management team must coordinate with personnel responsible for security to make sure there is no collision between those two segments of operations. It must also be taken into account that the level of psychological pressure on all personnel operating in high-risk AO will significantly affect the implementation of BC procedures, therefore appropriate adjustments must be made for that [4].

Naturally, a business operating in HE is still vulnerable to all conventional threats to business continuity, such as missing person incidents, road traffic accidents, power loss incidents, fire-related disruptions, media management incidents and other. Even though a functioning company is expected to have BCP items for dealing with such situations developed for operations in home country, it is likely that they will have to be revised to account for the realities of situation in HE, incorporating the high-risk elements with the regular BC elements while keeping in mind the overall company policy [5]. Solutions considered effective for resolving mentioned incidents in developed countries will prove difficult or impossible to implement in HR areas.

### **3. CONCLUSION**

Unstable countries and regions present numerous business opportunities for companies willing to expose themselves to potential risk by establishing operations there. However, a company functioning in a hostile environment must accept the reality of the situation by making adequate preparations for maintaining business continuity in case of a number of possible incident scenarios specific to the area of operations. The responses to these situations have to be detailed in company's business continuity plan alongside other business continuity procedures. Failure to do so might result in catastrophic failure of business operations in that region, and may also damage the company in its home country.

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