Using Business Continuity to Minimise Operational Downtime

Business continuity management (BCM) is a discipline that ensures a proactive approach to incident management by enabling organisations to plan an effective response to recovering business operations ahead of a significant disruption, thus ensuring impacts are reduced.

Offshore oil and gas operators' business continuity planning projects typically focus upon developing, implementing and testing plans and strategies that will ensure that, in the event of an incident causing the loss of office premises, technology or information, an effective recovery will be managed and critical business activities will be maintained.

The BCM process should also be utilised to consider the potential events that could cause the unexpected loss of operational dependencies (e.g. infrastructure and assets, people, supplies and services) and the resulting impacts upon the business.

Risk Evaluation

Many of the potential events and risks will already have been considered as part of ongoing emergency response, operational risk assessment and management of the insurance programme. A separate focus on BCM allows these risk exposures to be considered from a slightly different perspective to provide increased confidence that there are no gaps which could threaten the continuity of operations or reputation.

BCM Approach

The BCM approach differs slightly from traditional risk assessment, as an assumption is made that the "worst case scenario" can happen, however low the probability. This provides an opportunity to consider the low likelihood events and whether their impact could potentially be reduced to acceptable levels through pre-incident action and effective contingency planning. BCM helps an organisation prove that they fully understand the significant risks that are being faced and that these have either been accepted or mitigated accordingly.

There are so many interdependencies within the oil and gas sector that it is quite challenging to identify what exactly falls within the control of an individual organisation's business continuity focus, for example:

Oil & Gas UK's pandemic planning project in 2009

- *This succeeded in defining an industry pandemic strategy and dealing with the issues facing the whole industry thus allowing individual organisations to focus upon their own internal business continuity planning issues. What was previously perceived as an insoluble problem for ensuring security of supply has now been effectively addressed through action and agreement by all relevant parties*

Operated Assets

The management of operated assets should include responsibility for ensuring that effective business continuity and contingency plans are in place to respond to events and disruptions that could imperil these facilities. This process should ideally also involve motivating, reviewing or testing how well other key parties are taking care of their responsibilities to ensure that all plans integrate effectively and the operator can continue to depend upon suppliers' services, whatever happens.

Risk Assessment

Initial activities that could be considered for incorporating BCM within an operator's risk assessment process include:

1. Design and facilitate a desktop exercise for an operations facility or asset that considers scenarios that could directly impact upon the continuity of operations, focusing upon incident management from the perspective of managing information in a manner that would allow operations to be recovered as quickly

as possible. The exercise and subsequent debrief should highlight any pre-incident actions for consideration that would help ensure effective response, communication and recovery

2. Identify those suppliers of goods, services, transport routes, storage facilities etc. that could potentially have a significant negative impact upon operations should the services be disrupted due to an unexpected event.
    a. Then carry out a business continuity review for those critical suppliers or dependencies to identify their current level of business continuity preparedness
    b. Identify actions that could be taken to reduce the current exposure

3. Define the overall business continuity objective and state the level of financial or operational impact that is acceptable to management
    a. Taking this into account, review the current risks on risk register and the associated transfer or mitigation mechanisms (e.g. business interruption insurance, stock duplication etc.)
    b. Identify whether there are any potential unacceptable impacts and, if so, whether there are options to bring these to within an acceptable level
    c. Consider whether there are any high impact risks missing from the current risk register, perhaps due to their perceived low likelihood, and identify whether these deserve further thought

4. Expand upon existing emergency response procedures to include information to help direct the process for managing business impacts and recovering operations, once the initial incident has been effectively managed

Corporate Governance

Business continuity management is now considered an essential part of sound corporate governance and it is no longer sufficient for senior management to say that "in hindsight it would have been better if we had taken certain actions beforehand" – real events have shown that organisations can develop effective plans and strategies to minimise the impacts of significant events or alternatively they can be found wanting, for example:

- *The closure of the Forties pipeline in 2008 due to the Ineos strike was unnecessary – pre-identification of the dependencies and adopting straightforward contingency measures would have ensured that the oil kept flowing*
- *The significant impact of being perceived to have ineffective incident management, crisis communications, contingency planning and insurance in response to a significant event was highlighted by the Macondo incident in 2010. A focus upon BCM allows issues to be considered behind closed doors before a major incident occurs, thus improving the ability to manage a real situation and providing stakeholders with evidence of effective preparation*
- *Prior to the 2010 ash cloud situation and the grounding of all flights in the North Sea and, also the Super Puma fleets in 2012, there was a general assumption that nothing could stop all, or a significant percentage, of helicopters flying. Undertaking business continuity planning allows all key resources to be identified and contingencies to be put in place should they be lost, whatever the cause*

The Way Forward

It is recommended that a pilot project is undertaken initially that focuses upon a key facility, asset or dependency. Through getting the right people around the table, following a structured approach, you should start to identify risk mitigation actions and contingency processes that would reduce your current risk exposures and increase confidence that you will be seen to be in complete control in the event of an incident that impacts upon your operations. The approach can then be adapted and extended to cover other key facilities, assets and dependencies.

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