**BUSINESS CONTINUITY AND THE ON-GOING MANAGEMENT OF RISK IN BUSINESSES IN NIGERIA, IN THE ERA OF COVID-19**

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1. Abstract

The continuity of business firms is based on the principle of ‘going concern’. This principle allows that firms adopt measures for their sustenance and in many ways, project business risks and design approaches to contain them in order to safeguard their profit levels and market share. Incidentally, most businesses have the capacity to identify, determine and evaluate such risks. However, with COVID-19 pandemic, which has constituted a big business risk, there was no contemplation of risks associated that it brought, as it impacted all businesses and disrupted supply chains and business models, with huge financial burden. It is the shape and size of its effect on businesses that determined the extent to which such risks are being managed by firms hence an evaluation of their risk exposure and the new approaches firms could adopt to remain afloat, in the environment of those risks.

1. The Going Concern Nature of Business

The idea of a business is to reflect a going concern status. Accordingly, all financial investments, human capital deployments, market share dominance strategies, acquisitions, mergers and alliances among others, are geared towards sustaining business going concern ideals. There are occasions that businesses may face product or organizational life-circles. Such developments often impact business, hence business continuity plan in their overall tactical and strategic plan for survival. However, in a period where the world had to experience COVID-19 Pandemic, it came unawares and could not have been contemplated in any continuity plan. It is in the context of this development that we would outline how businesses can contain and navigate through the period and possibly come out of it, even if in broken pieces.

1. Business lifecycle

The current business environment does not reflect any normal business lifecycle. This is because, COVID-19 pandemic affected all businesses across all countries and in such measure that it fits into the size of each business. Normal business life circle allows for growth, peak and decline, while affording room for business systems’ analysis, as they stretch over time. Regrettably under COVID-19 Pandemic, there was no time and no clue. It just happened and collapsed business models, resulting and distorting business continuity plans, especially of businesses that have such plans. Similarly, businesses that do have continuity plans were equally impacted with bruises ranging from loss of patronage to stalled orders. In some sectors, subsisting agreements were negated, on the basis of force majeure, where asset acquisitions on leases, like in the aviation sector, were dashed with penalties that were lower in costs than in retaining the assets, as they will idle. In the rail transportation system where rolling stocks could be on certain degrees of leases, retaining them would require that their attendant costs be renegotiated down or they risk the cost of returning the assets due lack of use.

Business continuity plans for the aviation sector, for example, could not be implemented as virtually all flights were cancelled and the planes grounded. As they remain grounded, they incur costs in mandatory routine servicing and maintenance schedules. Licensing of aircraft maintenance engineers, technicians or sea going vessel crews and seafarers are required to be renewed, on the basis of time. Such renewals, but in spares are mandatory in the aviation industry, based on the periodic schedules or on hours of use, whichever comes up first. It is developments around the institutional arrangements like these ones that really distorted business continuity plans, with accompanying high financial burden.

This burden is of higher degree than even personnel costs, where staffs are laid-off or put on reduced salaries or on vacations. In terms of asset renewals, the existing regulations on them did not change and the process for such changes is usually lengthy and cannot be mitigated by the individual strategic re-arrangements of business models, as it may lack completeness.

However, the above scenario is as it relates to the service sector, like transportation. In the manufacturing, the scenario is not the same, as the environment for the manufacturing sector is different and could not have faced the same risk factors. With them, productions were continuing, with little factory adjustments for physical distancing, where human intervention is involved. However, in areas where human intervention is highly limited, the shop floor environment remained basically the same. To this extent, it can then be argued that the service sector of every economy was the hardest hit by the pandemic, owing to the protocols for its mitigation.

1. Management of risk

In the normal description of management of business risks, firms are expected to develop cost effective options for dealing with such risks relating to them. In view of the nature of risks firms face, owing to the pandemic, most firms in the service sector could only contend with accepting the risks, associated with them and containing them, as much as possible. They do not have the opportunity to avoid, reduce the strength of the risks, nor transfer them. Therefore, we would evaluate the degree of the risks that firms may accept, contain and integrate by adopting new techniques to respond to the risks..

1. Risk acceptance

The risk exposures, both anticipated and abnormal ones to firms, were wholly forced on and accepted by firms in their various degrees. This can be evidenced by the fat that, whether or not you’re prepared for the risk, you were impacted by it. Accordingly, depending on your business environment, those in the service sectors were much highly impacted than those in the manufacturing, because of the aspect of the degree of human interactions. What firms in this sector are seriously looking at, moving forwards to, is to develop artificial intelligence models, including robots, that may juxtapose for human beings in order to remain afloat and deal with the physical distancing that is required for all businesses in the new normal.

1. Containment measures.

Risks containment in the era of the pandemic covers the absorption of the risks, in the way and dimension of their occurrence. As they were outside the contemplation of businesses, the only option for firms is to try to accept and contain the risks associated with the pandemic. It is noteworthy that firms without the capacity for containing the pandemic were so much hit that they slipped into insolvency and announced liquidation. Therefore, it is the degree of the ability of firms to contain the effect of the pandemic that resulted in their continued existence during the period the pandemic lasted. Such firms had sufficient cash flow, high net worth and adequate working capital, with lean receivable accounts, but high payables, just in the case of the airlines and some other transportation sectors were seasonal or monthly tickets that had fixed periods of used were involved. The scenario was the same with product supplies or supply chains that were regarded as distortions and for reconnection of the supply chains as the processes were restored.

1. Integration of the contained risks.

In integrating risks that are contained, firms that are under this bracket, often re-strategize and redesign their processes, to suit the new challenges. Part of this new initiative is the surge in the development of robotics, to art in places were high personal interactions are needed. In the transportation sector, like the aviation, the use or deployment of computers for checking-in, boarding and other self-service activities are being provided. Added to this is the increasing design specifications for integrating robotics, in many more other areas, offering personalized services to passengers, like luggage attendance and baggage handling. Other areas of containment of risks include -

1. E-commerce.

Risk containment on a larger scale requires that businesses be efficient and smart. E-commerce extensive use and high data involvement requiring robots to mine data, in order to respond to clients need is beginning to be developed in responds to the lines of behaviours for complying with the requirements for physical distancing.

1. Information flow and organization of data.

Following developments in the aftermath of the pandemic, which is still evolving, huge data requirements, are what firms would rely upon to remain afloat. Therefore, attention to data, re-shaping of the information seeking behavior of firms and the identification of new information products that will suite their business environments would be a key to their success, as they would readily invest and connect to them. Firms seeking to remain afloat would invest in data and its mining thereof. They are to equally generate, seek and organize their own data into formats to enable their grouping into information and to lead into information products that would suit their unique situations.

1. Product specifications, photographs and coding

It is expected that more firms, depending on their economic environment, would instead of personal inspection of products, parts, or product lines, look further into documenting every aspect of products’ work-in-progress, with outlined product specifications, coding, standardization and quality. This practice is to substitute the need for production line visits, and product inspections, like pre-shipment inspection of products, due to the physical distancing and lean budgets for procurement support services that the new normal will bring with it.

1. Cost of capital

Most financial services firms are expected to be highly risk averse in funding existing lines of businesses because of their susceptibility to the vagaries of demand distortions. Accordingly, new business lines’ products, because of their novel nature and current demand satisfaction, are more likely to attract financing cover, more than the pre-existing products. In this regard, firms are to innovate and introduce new business lines and even change their names and brands in order to become more attractive as a new business with new features, in order to attract new investments.

1. New regulations

The advent of the new normal will demand that a lot of firms would face new regulations, like in the airlines. The standards for determining the sitting capacity in airplanes would change, resulting in lower passenger capacity and lower revenues, with normal operating costs. Based on aviation regulations, trade-off would certainly be introduced as part of the innovative ideas in the sector. In this regard, new regulations that may provide for a combination of cargo and passenger services may be in force, to permit the tolerable weight of the airplane that will guarantee sufficient returns. This is part of the expectations; hence several airlines are coming up with streams of operational formular that may help them to recover costs as may be applicable. In this regard, new packaging arrangements, securing and latching of cargo, where mixed flights are to be fashioned out, are more likely to be ordered, giving the need for keeping to physical distancing and cots recovery, if fares must be within tolerable reach. Such new travel rules may provide for certificate of vaccination for COVID-19 and medical certificates, to take board a flight. This arrangement may provide for a new brand of service offered to this category of staff. This would be distinct from another set of services that may be offered to those considered high risk users or passengers that will allow for lower scale of compliance of the requirements to board the airplanes.

1. Data protection

This is an area that firms would be looking at investing. As greater attraction is going towards systems and codes, data risk is high and firms may lose revenue and information if their data is compromised. Accordingly, data integrity is one area of risk that firms would be investing upon, in the new normal.

1. Staff training and re-tooling

Organizations would be facing new initiatives and as such, new design needs and adaptations of new processes. This would require that firms would either subject or expose their staff to new technologies and techniques and retain them; or dispense with them, in preference to those with such skills. A lot of job movements and new skills would be out and it is only firms innovate to adapt to these new normal, in order to reduce their operational costs, would remain afloat. Similarly, as firm look at staff with new skills, they would also be looking at new tools for their new business environment. If a firm is adopting new software, it presupposes that it will demand new stills and would re-tool or adopt the basis technology that will guarantee the use of the new technology, hence re-tooling needs.

1. Environmental considerations

Attention to the environment would assume higher dimensions, under the new normal. Consequently, business operations that are considered to have an impact in the environment would be further impacted, to reflect their associated risk factor. Consequently, the standard operating practices for firms would be tilted towards environmentally friendly operations. This will guide the acceptability and scope of businesses under the new normal. Just as measures to cut emission levels in the maritime sector is being advocated, so also would be similar measures in the aviation, especially, as airplane manufacturing firms would be looking at new designs and new cost effective measures for airplanes. Similarly, new energy sources would be required by regulations for the railway sector and the roads. Firms may be required to, at all times, demonstrate their ISO rating alongside information on their products and services, moving forward.

1. The Nigeria experience

Given the business environment in the country, where the absence of agricultural product classifications, quality assurance, product supply guarantees, e-payment challenges and financial fraud abound, physical visits to ensure compliance of orders, influences sales. Where these are not prevalent, they affect the volume of sales and retard economic growth and the volume of sales. To mitigate these, interstate visits, coupled with physical inspections are bound to influence orders and mitigate or manage risks associated with non-compliance of orders.

1. Conclusions

There is still not a new form of business practices in the new normal, as firms are still developing and trying options that may work. In view of this, it will take some time for firms to truly know how to response to the new normal. This state of affairs will guide the various regulations for service provisions that are expected to grow, as businesses re-open. As businesses evolve, so also would their controlling or regulating rules. This is expected to be consistent with approaches that various firms across various sectors will be adopting. The new normal, with all their controlling mechanisms and rule enforcements, would not be tailor-made, but would respond to the demands of the principles behind physical distancing and healthy interaction supports.