



Lessons in Business Continuity and Adapting to Permanent Change

By John Sergides

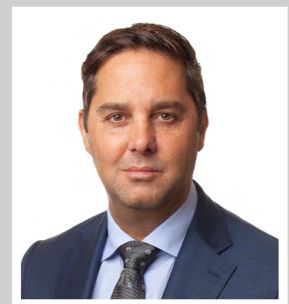


As we start 2021, a clear divide has emerged between companies that were prepared and those that weren't. Some have struggled with how to move forward and keep their people safe, others with how to maintain client service or supply chains. The companies that had robust plans in place to deal with uncertainty – and had invested in, maintained and updated their plans - have transitioned smoothly.

To respond effectively when business as usual becomes impossible, companies must be prepared with a resilient business continuity plan (“BCP”) and an execution strategy. Add in strong leadership and a robust communications plan and the companies will be well-positioned to survive – and even thrive – through a major disruption.

The best prepared companies are also better positioned, from more remote workers to more diversified supply and revenue chains, to adapt to the changes that will persist beyond the acute phases of the pandemic.

More than a few companies have claimed that their BCP failed at a critical time. While the plan may have been flawed in some way, the more likely scenario is that it wasn't reviewed, updated and tested sufficiently. Companies can't expect that a years-old plan that has never been rehearsed will stand up against a crisis. In truth, the pass/fail mark is awarded by the staff and the clients, who are best placed to judge this.



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Developing a BCP that Works

In normal times, an overall business strategy is designed to help a company grow sustainably and more profitably. A BCP shares those goals but also puts in place essential building blocks to minimize disruption and keep the business up and running through various scenarios.

At MUFG Investor Services, we began overhaul work on our business continuity strategy many years ago by identifying and mitigating potential weaknesses. An inability to access our offices was a key concern so we crafted a detailed plan to allow our entire workforce to work remotely. We were able to execute the plan in early February, including cycling teams in and out of offices during the transition as needed.

Over the years, we have also focused on on-shoring or nearshoring rather than offshoring. Retaining high-skill positions to ensure quality and reliability whilst avoiding low-cost locations has always been a core component of our success. As the crisis has unfolded, many companies have seen the peril involved in locating essential functions in low-cost but potentially less dependable locations. While the immediate cost savings may seem attractive, an excessive dependence can be catastrophic if those locales experience the kind of shutdown and ongoing turbulence we have seen.

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As a bank and service provider, ensuring that our clients could continue to transact business was also an important objective. As other business process outsourcing providers stumbled, we were able to provide clients with informed, seamless services. Since we already knew our clients’ business, we were able to be effective quickly.

We also moved to diversify our products and services to provide more options as customer and client needs change, and to ensure a steady source of revenue in any environment. The demand for subscription line and NAV based credit was through the roof. Ways to mitigate the huge FX volatility were also in demand. Our unique ability to service that need was felt keenly by our clients. Where clients had other service providers in trouble, we had to extend outsource operations overnight to other clients who were effectively blind.

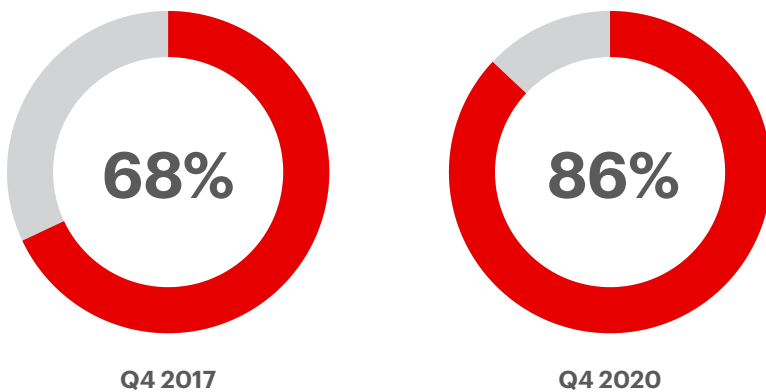
As our overall strategy and BCP have unfurled, we are seeing the benefits. We are expanding business lines, bringing in new clients and hiring and onboarding new employees. This type of growth is the true test of how well a BCP performed.

Of course, any plan is only as good as the leadership spearheading it and the employees who must make it happen. Clear, ongoing communications are also essential.

Deploying the Plan and Engaging Employees

One of the strongest determinants of how well a plan executes is leadership. Strong and effective leadership is absolutely critical in profoundly unsettled situations such as the current pandemic. This means not only spearheading the effort but also being able to adapt and create solutions when problems arise.

Leadership also goes hand in hand with communication – with employees, clients, vendors, management at all levels, regulators and local communities. Many well-designed BCP's have foundered on poor communication.



MUFG Investor Services Employee Engagement

Compared with the fourth quarter of 2017, Q4 2020 results not only saw less disengagement and more engagement. Despite the challenges and impacts of COVID-19, MUFG Investor Services employees continue to care and express their commitment to its goals.

Effective leadership requires transparency, authenticity and clarity. Leaders must articulate the larger strategy and ensure that employees have an opportunity to ask questions and receive honest answers. This builds unity and trust. Most team members will get solidly behind the effort – and even rise to new heights – as long as they feel informed and respected. In a recent survey conducted with staff, 76 percent strongly agreed that communication within MUFG Investor Services is good within the organization, especially during these times.

Employees make or break a crisis response. They are ultimately responsible for whether the quality of services or products stays the same or even improves. It's important to never underestimate the contributions of individuals, the resiliency of a team and the commitment to one another that forms in times of crisis.

Lessons Learned and Continuous Adaptation

When people say nothing will ever be the same, it is often a hyperbole but in the case of the coronavirus pandemic, it is accurate. The impacts have already been immense. One of the biggest changes from a business perspective is the number of people who are now working remotely.

While remote work was sometimes viewed through a skeptical lens in the past, this experience forced upon us has yielded valuable insight. Our data shows that MUFG employees are more productive than they had been in the office, due in part to not having to commute and more flexibility in daily work schedules.

Further, employee engagement has also trended up, with many team members reporting that they are more focused on their work responsibilities and less distracted. Our fully engaged employees are at an all-time high, with 88 percent of staff surveyed stating they are fully/partially engaged with the company.

Of course, the likely trend of remote work becoming more common has a raft of implications, from real estate markets to where people choose to live, from hiring and retention to the very nature of the workplace.



FAIL TO PLAN AT YOUR PERIL

All of us are in new territory and this may be the “great work experiment” of our lifetime. One thing is clear, however: the existential threats we face are real and constant. It’s essential for firms to have a battle-tested BCP that is subject to regular simulations and measured for resiliency. More and more, we will see crises where the duration and severity are simply unknown, similar to what we are now experiencing. In these scenarios, intensive planning, ingenuity and flexibility will be the difference between business failure and business success.

For more information, visit:
www.muvg-investorservices.com

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