

Business Continuity in the Public Sector

Overcoming Challenges Under Any Circumstances

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Achieving Business Continuity

Business continuity is the ability of an organization to maintain normal operations without compromise, regardless of external conditions. Because they provide emergency and other



Because they provide emergency and other critical services, government organizations must be able to maintain business function under all circumstances.

critical services, government organizations must be able to maintain business function under all circumstances. They must be able to shift priorities to address changing conditions, and to be truly effective, this capability must be present across the entire organization.

Whether operational challenges arise due to a worldwide calamity or an acute local issue, the finance and accounting department must have systems and processes that are able to operate smoothly in all cases. Planning is particularly important to maintaining continuity, so organizations must be able to plan for contingencies and dynamically manage their response to unexpected events. We assert that having the right technology is an essential component to business continuity.

Planning for Continuity

Planning for continuity involves scenario modeling ahead of time and fast response when conditions are changing. When creating the annual budget, organizations must have a scenario planning process in place that can explore the impact of predictable but uncertain events such as the weather or variations in revenue. The purpose of this process is to assess the impact of these scenarios and explore how best to respond when they occur. Contingency planning goes further to anticipate unpredictable events, and is a critical component of business continuity, disaster recovery and risk management.

Planning for continuity means having the systems, processes and training in place to adapt quickly to new circumstances when unexpected and disruptive events occur. The more significant the disruption, the greater the need to act quickly and intelligently. Yet our Office of Finance benchmark research reveals that only 31% of organizations can execute a complete revision of the budget when a major change to business operations occurs.

The ability to plan for continuity is especially important for the public sector. Unlike businesses that may be able to pivot to new models of funding or revenue generation, a significant portion of public sector organizations are funded from specifically mandated sources. By itself, the process of managing budget virement authorizations can significantly

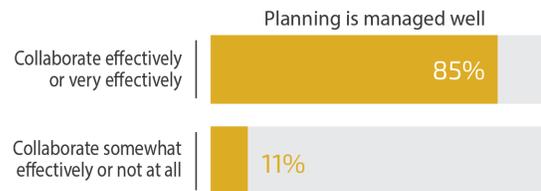


hamper agility. These factors impose constraints on contingency planning and mean reduced options when the organization needs to adapt to disruptive events.

To adapt, organizations must be able to collaborate closely, working together to dynamically reset priorities. Collaboration is the key to effective planning of all types, including contingency planning, and our research finds that 85% of organizations that collaborate effectively or very effectively have a budgeting and planning process that's managed well compared to just 11% of those that collaborate only somewhat effectively or not at all.

Collaboration Is Important for Planning

Companies that collaborate well plan better



Source: Ventana Research Next-Generation Business Planning Benchmark Research © 2021 Ventana Research

The Finance Department's Role

Finance departments serve three key roles in supporting continuity for public sector organizations: They support sufficient contingency planning, facilitate rapid budgeting cycles and they enable a fast and agile response to events.

A contingency plan lays out a course of action that will enable an organization to respond effectively to a significant future event or situation that may or may not happen. The finance department's role in contingency planning is to determine the financial impact of an event or situation as well as the financial impact of the most likely responses to those eventualities. Our research shows a link between the contingency planning capability and budget accuracy: 73% of organizations that can explore every relevant scenario have a budget that's accurate or very accurate compared to 36% that can explore few if any scenarios.

The value of quick budgeting cycles when faced with a crisis is clear and cannot be overstated. The organization must be able to model budget scenarios rapidly as conditions change. Moreover, short budgeting cycles reduce the time spent assembling a budget, thus cutting the administrative burden. They also support agility in responding to events since a department that can quickly assemble sets of alternative actions and their financial implications can provide officials and administrators with the information necessary to evaluate options and determine the best course of action.

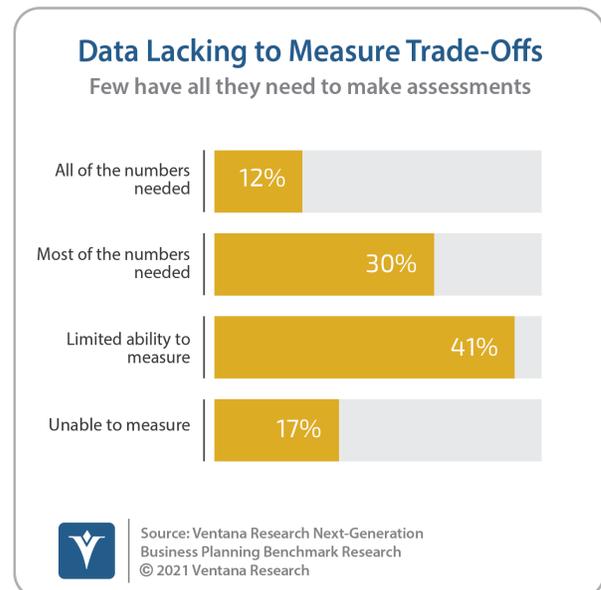


Technology's Role in Continuity

Using the right technology to enable a more effective planning and budgeting approach is essential to achieving business continuity in public sector organizations. Making budgeting more efficient makes it more valuable to the organization. Eliminating low-value, manual steps to prepare a baseline budget, automating data imports and automating report creation and distribution frees up time—time that can be used for more in-depth analysis that provides more timely and incisive guidance. Making budgeting more efficient also makes it possible for public sector managers to better understand trade-offs and options and to reduce spend in a highly regulated environment.

Our business planning research indicates that only 13% of companies can explore every relevant scenario and examine implications for the entire organization. Data is essential for contingency planning, yet the research finds that only 12% of organizations have all the numbers they need to assess trade-offs and their impacts on alternative scenarios, while 58% have little or no ability to do so.

A dedicated budgeting application that serves as the authoritative source of financial data is the most effective way to support a robust contingency planning effort, facilitate rapid budgeting cycles and enable fast and agile responses to unexpected events. However, our research finds that 58% of organizations use spreadsheets for their budgeting process. Because desktop spreadsheets are silos of information, using them for planning and budgeting makes it difficult to gather together all the financial and non-financial information necessary for contingency planning.



Our research finds that 62% of companies that use a dedicated application find it easier to bring together data from budget participants versus 33% that use spreadsheets. Because it connects each budget owner's data in a shared application, dedicated planning software enables faster budgeting cycles. Consolidating and updating a complete budget takes place almost instantaneously, so it's possible to see the impact of incremental changes immediately. Organizations can quickly save different sets of scenarios to assess their impact, and because the software connects all budget owners and can track their progress to completing their tasks, it facilitates a high-participation process while reducing the workload of those that manage the budgeting process.



With dedicated software, finance departments also can create systems that provide alerts when fund expenditures are significantly above or below expected levels during a fiscal year. This promotes continuity by allowing the organization to anticipate budget issues before they occur, thus providing time to take action.

Cloud-based software should be an organization's first option for how it deploys such software since being able to work virtually and securely from anywhere is essential for maintaining business continuity through any crisis. The finance staff must be able to securely access systems and a single source of trusted data while collaborating with colleagues at any time, regardless of their location.

Be Prepared to Overcome and Succeed

Business continuity must be a priority for organizations. In the face of a crisis (though also in normal times), public sector leaders must be able to assess the impact of different scenarios and determine how best to allocate resources as they address changing circumstances. The finance staff must have the right technology to support a process that enables them to rapidly deliver scenario planning and a reliably accurate picture of the impact on budgets. Dedicated budgeting and planning software deployed in the cloud is the right technology for business continuity.



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