



BUSINESS CONTINUITY PLANNING



IOSH CPD

Course Programme-2010

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Business Continuity Institute (BCI)



“BCP is the act of anticipating incidents which will affect critical functions and processes for the organisation, and ensuring that it responds to any incident in a planned and rehearsed manner.”

Turnbull Guidance (Corporate Governance)



“ Guidance for directors on internal controls”

- Framework of best practice for business
- Based on assessment & control of significant risks
- BCP addresses some key risks & assists in compliance

BCP-2 Objectives



- Minimise Risk of Disaster
- Maximise Disaster Recovery Ability

N.B. approx. 80% of disasters are generated within organisations

Hence more emphasis needed to manage out potential causes, than on recovery.

BCP is a combination of disaster avoidance and the ability to recover.

BCP in Context



Total risk avoidance: Impossible/Impractical

Ensure organisation Survival by identifying, assessing and managing significant risks

Avoid organisational suffering caused by:

- Inability to maintain customer services
- Damage to image, reputation, brand.
- Failure to protect company assets
- Business control failure
- Failure to meet legal/regulatory requirements.

BCP - Why Now?



- Disasters kill businesses.
- 80% of UK companies who suffered a major disaster and had no BCP capability went into liquidation within 18 months
- A further 10% went under within 5 years
- No BCP; only a 1 in 10 chance of survival!

BCP Drivers



- Commercial
- Regulatory
- Standards – Best Practice
- Financial
- Imported Disaster
- Public Relations

Commercial Drivers



- Intensely competitive market- e.g Perrier
- Lost revenue
- Lost customers
- Increased PR budget after disaster-customer reassurance
- Proactive BCP capability is good for business

Regulatory Drivers



- Civil Contingencies Act 2004
 - Emergency Preparedness
 - Emergency Response & Recovery

CCA,2004



Covers Civil Emergencies – e.g. Pandemics/Flooding

Part 1 – Local arrangements for civil protection by emergency services

Part 2 – Emergency power for wide scale, regional emergencies

Part 3 – Technical details

Local Authorities: Duty to provide Business Continuity Advice



The CCA places a duty on LAs to provide advice and assistance to businesses on:

- Business Continuity
- Emergency Preparedness
- Disaster Recovery

N.B MHSWR 99, Reg 9 – Contact with External Services

BS 25999:2006/2007



Part 1 - Code of Practice for Business Continuity
Management (2006)

Part 2 – Business Continuity Management - Specification
(2007)

Part 1: Code of Practice: BS25999 -1: 2006



Key Sections

4. Policy
5. Programme Management
6. Understanding the Organisation
7. Strategy
8. Developing/implementing the response
9. Exercising, maintaining & reviewing arrangements
10. Embedding BC into the organisation's culture

PART 2: Specification: BS25999 - 2: 2007



Follows PDCA/POPIAR

Key Sections

3. Planning	(PLAN)
4. Implementation/Operation	(DO)
5. Monitoring/Review	(CHECK)
6. Maintenance/Improvement	(ACT)

Financial Drivers



- Insurance (Risk Transfer) only covers the financial consequences of the disaster/risk
- Cover usually limited to 2 years after the event
- Non recoverable/unquantifiable consequential losses:
 - Loss of customers
 - Loss of staff
 - Loss of productivity
 - Loss of cash (Barings; AIB)

The Imported Disaster



- Knock on effect-disaster elsewhere
 - Single source supply (SSS)
 - Just in time delivery (JIT)
 - Supplier audits
 - Denial of access (eg Manchester Bomb)
 - Natural disasters: e.g. Earthquake at Kobe, Japan
- Shortage of computer chips
- Increase in PC thefts

The Public Relations Disaster



- Increased Media Profile
- Brand values
- Customer awareness
- Adverse publicity leads to reduced sales
- eg Ratner: “ Our products are CR*PMore value in a prawn sandwich
- eg Hoover: free flights fiasco
- The ability of a company to avoid a disaster, or to recover effectively, has a tremendous & positive PR impact, & hence stakeholder confidence
- Crisis communication

Convincing the Board (1)



- 10 Key Points:

1. Time for presentation-rehearse

2. Audience: Who will be there? Non executive directors?

3. Regulatory influence: Turnbull/corporate governance

4. Achieve board commitment via:

- Understanding negative impact of business interruption

- Resource provision to reduce disaster risk

- Appreciation of the need to prepare and plan

Convincing the Board (2)



5. Stress the benefits of BCP

- Peace of mind/sleep at night
- Risk reduction

6. Be prepared for the “It won’t happen here” syndrome

7. Board is responsible for Business Risk Management

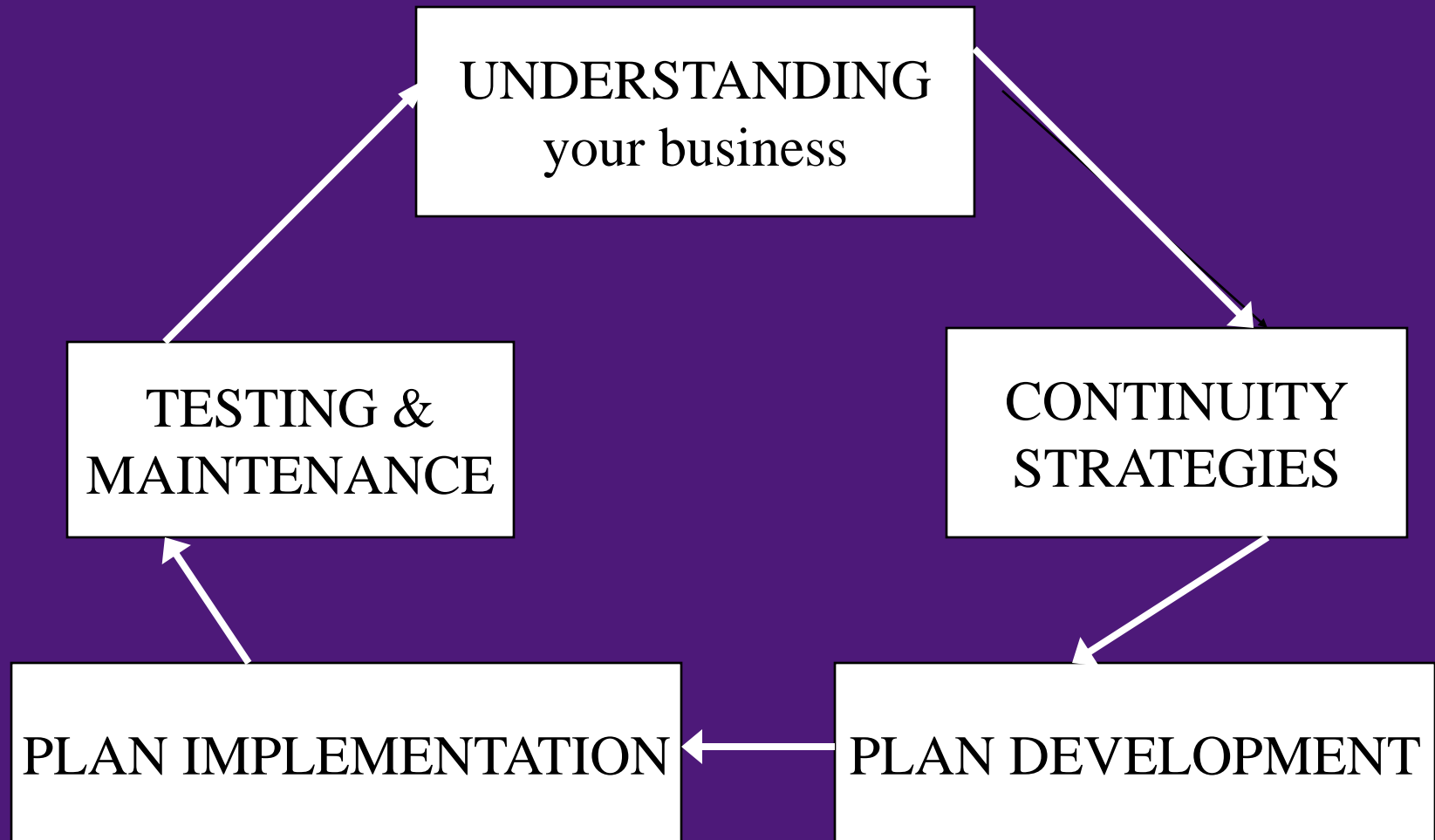
8. Avoid too much detail Re:Capability development.

9. Avoid discussing lists of actual/potential disasters, unless relevant.

10. Summarise/reinforce need for BCP.

- Unique selling points.

The Business Continuity Model



Stage 1: Understanding Your Business



- Business Impact Analysis (BIA)
- Risk Assessment/Evaluation
- Identification of Critical Business Processes
- Evaluation of recovery priorities
- Business Interruption Risk Assessment
 - Damage
 - Reputation

Stage 2: Continuity Strategies



- Determine range of alternative strategies/responses available to mitigate loss.
- Assess their relative merits against the business environment
- Decide which are the most effective for the protection & maintenance of critical business processes

Stage 3: Plan Development



- Development of a proactive BCP
 - Improve risk profile
 - Upgrade operational procedures/practices
 - Introduce alternative business strategies
 - Use risk financing measures (eg insurance)

Stage 4: Plan Implementation



- Introduce a BCP capability via education & awareness
- Wide communication/ publicity to all stakeholders
- End result: B.C. Culture throughout the organisation
- N.B. Roles, responsibilities, accountabilities, timescales, KPIs, etc.

STAGE 5: Plan Testing & Maintenance



- The Plan is not the capability.
- The Plan is the means by which the capability is realised.
- Failure to plan is planning to fail!
- Not a one off exercise.
- Ongoing testing, maintenance, audit and change management.
- Regular communication/feedback of test results
- Aim: Continual improvement of BCP capability

Critical Business Approach (1)



- Business is a set of linked processes
- Critical Business processes (CBPs) are key to the core business or primary activity
- What does my company actually do?
- Try to develop a model

Critical Business Approach (2)



- Understanding your Business
- Vision, mission statement, goals
- Organisational focus
- Mission critical activities: Critical Business Processes
- Focus for BCP

Critical Business Approach- Summary



- Common understanding of company's primary business objective- the focus
- Determine Critical Business Processes (CBPs) by asking how important are they in achieving the business objective
- Develop a BCP capability to protect the Critical Business Processes – the CBPs

Business Impact Analysis



- BIA is the technique used to determine what the business stands to lose if it's Critical Business Processes are disrupted.
- BIA provides cost/benefit information to enable board decisions to be made about the BCP

Quantification of Business Impact



- Disasters characterised by time not event
- How long will disruption last?
- Loss of Revenue

-Out for 1 day:

$$\text{Impact} = \frac{\text{Annual Revenue}}{\text{No of Working Days/year}}$$

Out for 1 Year:

$$\text{Impact} = \text{Annual Revenue}$$

On it's own, Loss of revenue does not give full picture

BIA Factors



- Loss of Revenue
- Erosion of Customer Base
- Loss of reputation
- Regulatory/contractual impact
- Loss of credit worthiness

BIA Outputs



- Focus on negative impact of loss of CBPs
- Be aware of time sensitivity
- Agree recovery objectives
- Risk rating:
 - -Qualitative: High; Medium; Low
 - -Quantitative: 1-9 Rating Scale
- Financials where possible

BIA Summary



- Involve Key Personnel from relevant functions/departments critical to the CBPs
- Determine impact on Business of loss of CBPs
- Apply risk ratings, including time dependencies
- Obtain board approval for BIA outputs ie the plan

Continuity Strategies/plans



- Know where organisation most at risk-from BIA
- Board decision: What strategy/ies to adopt?
- Many Possibilities:
 - Do nothing (retention)
 - Change/end process (avoidance)
 - Insurance (transfer)
 - Loss mitigation (reduction)
 - Business continuity planning (reduction)

BCP Issues



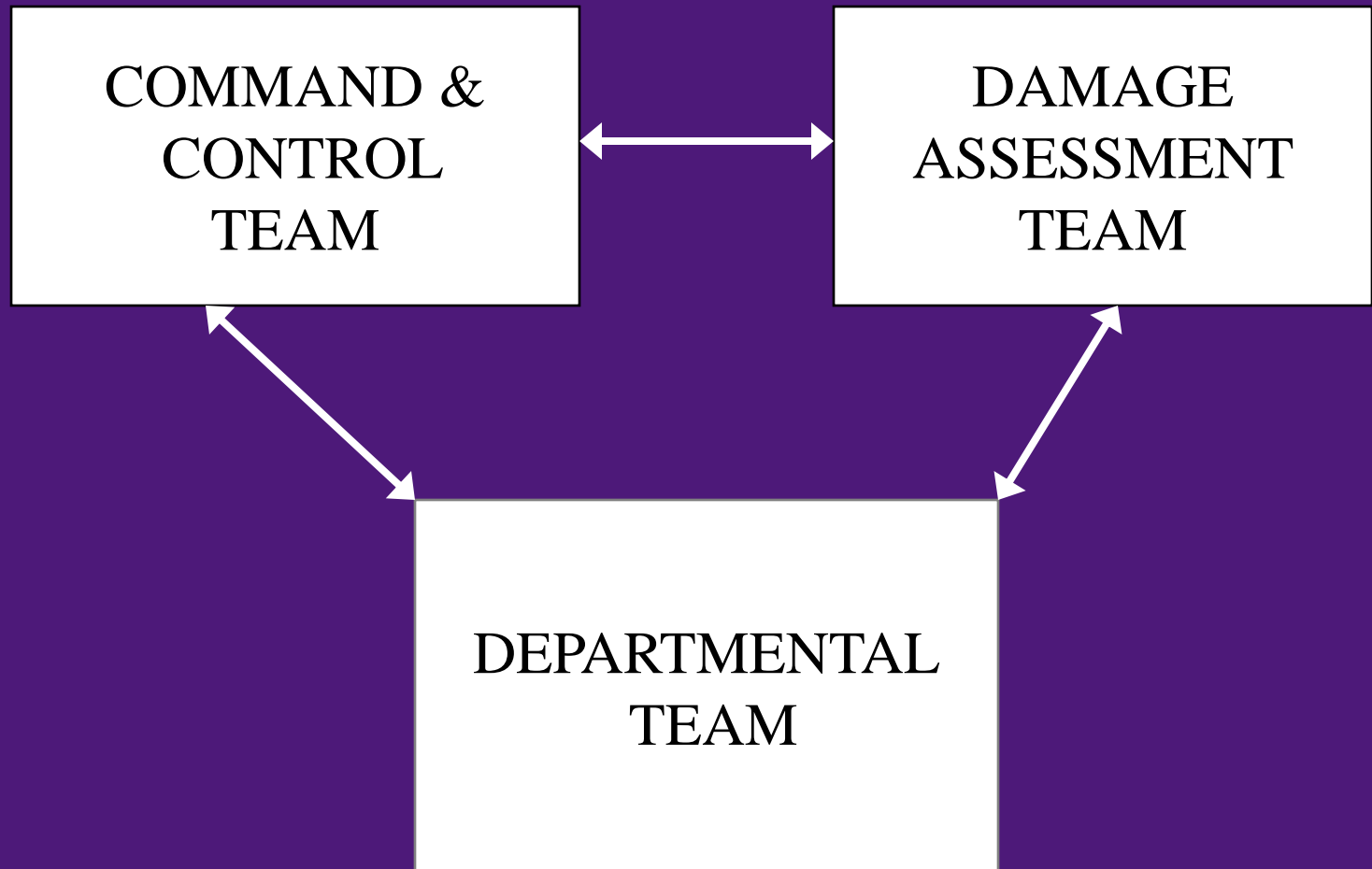
- Failure to plan is planning to fail
- The plan is NOT the capability- but the means by which the capability is realised.
- The BCP is the route from crisis/disaster back to normal operation
- Plan may give false sense of security
- Value can only be assessed after the event.

Disaster Recovery Plan



- 3 Stages:
 - 1. Emergency Response: Immediate
 - 2. Fallback procedures: Short term
 - 3. Business Resumption: Medium term
- N.B. in the long term, we shall all be dead!

The Hierarchical Management Structure



Plan Implementation (1)



- Securing Buy in
- Policy
- Project authorisation
- Individual responsibility
- Phased roll out

Plan Implementation (2)



- Specialist services that may be needed include:
- Data recovery/ IT back up
- Emergency telecoms
- Salvage/decontamination
- Cleaning/restoration
- Buildings/facilities management
- Security
- Counselling (PTSD)

Maintenance & Testing



- Objectives:
- To make BCP work
- To highlight plan shortcomings
- To keep it up to date
- To change plan continuously (not just once a year)
- To reflect new processes; new reporting lines; new people; reorganisations; mergers; acquisitions.
- To make maintenance & testing a group CYO - fixed via individual KPIs

Various Testing Strategies (1)



- Desk check/audit
 - Factual details of plan: accurate?
 - Plan current? : current?
- Walkthrough Test
 - Synthesised incident
 - Rules of engagement
 - Plan tested conception for robustness

Various Testing Strategies (2)



- Component testing
 - Involves single functions/departments in isolation checking their own part of the plan (eg fire drills)
 - How practical?
 - How effective?
 - Room for improvement?

Various Testing Strategies (3)



- Full Simulation
 - Shut down without warning
 - Access denied to critical business processes
 - Most realistic & memorable
 - Careful preplanning needed
 - The ultimate test (only after other tests used)
 - The best test strategy

Crisis Communication



- What happens to companies in a crisis?
- Audiences - internal/external stakeholders
- To communicate or not to communicate?
- The PR disaster

The Communications Plan



- An integral part of the BCP
- 3 Stages:
 - Precrisis
 - During crisis
 - After crisis

Pre Crisis Measures



- Media/press relationships
- Specialist PR support
- Prepared press statements
- Media training for directors/senior managers
- Identify & train spokespersons
- Dedicated communications office- N.B.call deluge.

During Crisis Measures



- Operate Communications Office
 - Make spokesperson available
 - For comment/interview
 - N.B. the right comment!
- Release regular press/media statements
- Keep stakeholders informed of:
 - Progress to date
 - Recovery estimates
 - Release regular internal communications for staff
 - Log significant recovery events/actions/milestones

After the Crisis



- Analyse crisis events log to check performance against target
- Identify:
 - : What worked well
 - : What needs changing
- Publish summary of performance
- Consider dedicated marketing of the disaster and how it was managed

