



BUSINESS CONTINUITY MANAGEMENT

Ensuring the Resilience of the Organisation





Responding to Threats and Disruptions Through an Integrated Business Continuity Management System

Floods, fires and bombs may capture the headlines, but the vast majority of business-threatening incidents go unreported in the media and can severely disrupt an organisation's business activities.

Business Continuity Management (BCM) involves managing the recovery or continuation of business activities in the event of any business disruption, and the management of the overall programme through training, exercises and reviews, to ensure the business continuity plan stays current and up-to-date.

In short, implementing BCM is not just about recovering from disasters. Instead it tries to prevent the damage to reputation that can arise from any operational outages, missed deadlines, upset customers, and direct financial loss, which result from any outages, no matter what the cause.

A key feature of successful BCM programmes is that they are owned and fully integrated as an embedded management process in the organisation. BCM implications are considered at all stages of the development process of new projects and the BCM implications are part of the change control process.

How can Quality Professionals provide the best case for successful BCM within their organisations, achieve the desired buy-in at senior management and board level, and implement a successful management system?

Fortunately, a generic standard now exists, which provides a comprehensive set of controls based on BCM best practice and covers the whole BCM lifecycle.

BS25999 takes the form of guidance and recommendations. It establishes the process, principles and terminology of BCM, providing a basis for understanding, developing and implementing business continuity within an organisation and confidence in business-to-business and business-to-customer dealings.

BS25999 promises organisations real differentiation. Procurement specialists are already using it to determine suppliers with an independently verifiable BCM programme. This benefits suppliers at the tender stage, increasing the likelihood of winning business.

Companies are more likely to award contracts to organisations with a viable BCM programme in place. Proposals look more attractive if backed up by evidence that the organisation can maintain high service levels at all times. In cost-benefit terms, implementing BS25999 makes good financial sense.

This paper will examine the role of BCM in today's organisations, review the benefits, and provide guidance for implementing a Business Continuity Management System (BCMS) built on the principles of BS25999.

MARKET DRIVERS INFLUENCING BCM

Government regulations, corporate governance, and customer demand in the supply chain are just three of the key drivers encouraging organisations to implement a BCMS.

Government continues to play a major role in driving BCM through the public sector. The Civil Contingencies Act 2004 recognises the importance of BCM by requiring frontline responders to maintain internal BCM arrangements. Since May 2006, local authorities have been required to promote BCM to business and voluntary organisations in their communities.

Corporate governance is identified as a key driver by 80 per cent of managers working in listed companies, and is the lead driver in voluntary and not-for-profit organisations.

In addition, increased executive/board responsibilities (e.g. Codes of Corporate Governance, Sarbanes-Oxley Act (USA), Basel II Accord etc.) are driving take-up of BCM.

There is also evidence that planning is being driven through the supply chain, through the requirements of public sector procurement contracts and by customers demanding evidence of BCM from their business-critical suppliers.

In addition, auditors increasingly expect to see a BCM process in place as part of their due diligence audits. Insurers require evidence of BCM. Holding company and shareholder expectations of corporate governance have increased, and regulatory bodies are starting to impose BCM on the organisations they regulate.

The Chartered Institute of Management published these recommendations at the end of its 2007 survey:

- The Chartered Management Institute, the Continuity Forum and the Cabinet Office recommend that all organisations have a robust and proportionate approach to BCM.
- Organisations that currently have Business Continuity Plans (BCP) should seek to enhance their effectiveness through regular rehearsals, and by integrating lessons learned into revised plans.
- BCPs should address people and skills needs as well as technological and physical requirements.
- BCPs must be effectively communicated. All managers and employees should be aware of their duties in the event of any incident. Also, some organisations will find it useful to communicate their BCM arrangements to their shareholders and stakeholders.
- Organisations should conduct assessment and benchmarking of their BCPs. BS25999 offers a basis for this.

- BCMS should be used more extensively throughout supply networks in the UK, in particular with essential suppliers and outsourced providers. Plans should be verified and audited where possible. It is also essential to check whether suppliers have rehearsed their plans.

- All organisations should consider the possible implications of an influenza pandemic and the impact of additional absenteeism levels over a sustained period, in line with Government guidance.

THE CHALLENGES OF BUSINESS CONTINUITY MANAGEMENT

According to the findings of the Chartered Management Institute's 2007 Business Continuity Management Survey:

Loss of IT (38%) is the most frequent disruption, as in previous years. Loss of people (29%) through absenteeism and illness also continues to be a major cause of disruption. This year's results indicate a sharp rise in disruptions due to extreme weather incidents up from 9 % in 2006 to 28%.

2006 was one of the warmest years on record, with low rainfall and a heat wave experienced in June and July causing hosepipe and sprinkler bans and drought orders in the Southeast. Some organisations were forced to shut down computers due to the heat, or close offices due to high temperatures. Severe storms at the end of November also caused widespread disruption.

Loss of telecoms accounts for 25% of disruptions and utility outage 20%.



Many managers also recognise that loss of people or skills would have a major impact on their organisation, yet far smaller numbers are including these considerations in their Business Continuity Plans (BCP).

What's more, despite the perceived importance and range of disruptions reported, eight years on since this survey began, over half of the 1257 managers surveyed in 2007 work in organisations where there is no specific BCP in place. This is particularly the case in small and medium-sized enterprises (SME).

One reason for this lack of take-up of BCM is that maintaining top management attention and keeping BCM on the agenda is difficult unless dramatic events are happening, so in a way it is easier to implement BCM in traumatic times.

This means that one of the key challenges facing Quality Professionals is to define the advantages of a BCMS to the organisation.

BCM is not Emergency Planning. Nor is it Disaster Recovery. It is something organisations should be doing as a matter of good business practice. In fact, the whole BCM process is designed around understanding an organisation's business. What are the risks? How do they impact on the business and what can an organisation do about managing them?

The implementation of any BCM programme costs time and money, depending on the type of organisation, its appetite for risk and the threats it faces. But It should not be viewed as simply an overhead. Organisations can gain many benefits by implementing a BCM programme, such as:

- Obtaining a deep understanding of the organisation.
- Managing operation disruption as and when it happens.
- Enhancing a reputation as a competent and well-managed organisation and gaining competitive advantage in the aftermath of an incident.

INTEGRATING BS25999 INTO A BCM

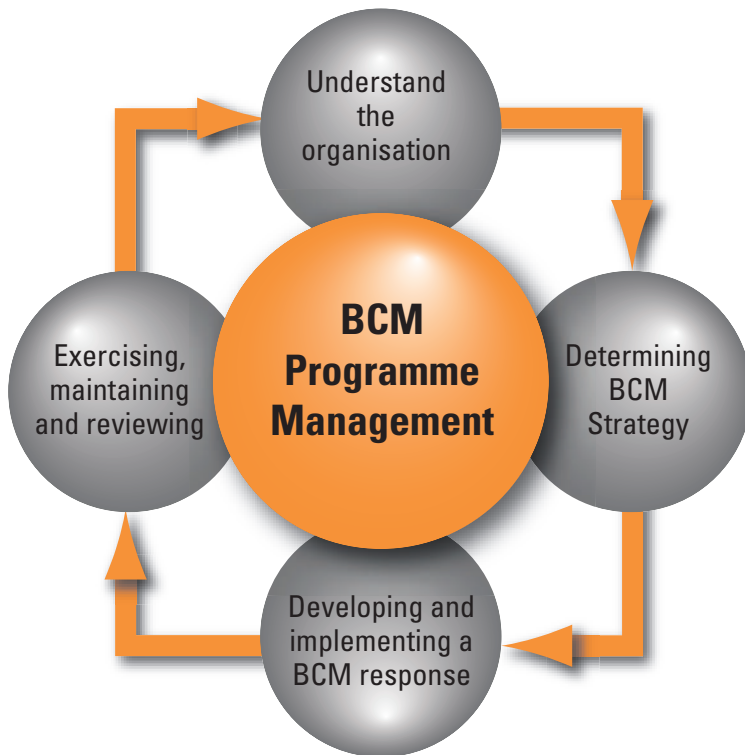
BS25999 provides a comprehensive set of controls based on BCM best practice and covers the whole BCM lifecycle. The standard is generic and offers organisations guidance to put their BCM systems in place.

Formal accreditation with the standard through a certification company such as SGS United Kingdom Ltd is available for organisations that wish to demonstrate that they have a robust Business Continuity Management System (BCMS) in place.

BS25999 is the British standard for Business Continuity Management and is likely to become an international (ISO) standard in due course. It can already lay claim to being the fastest selling British standard of all time.

The standard is built on the BCM lifecycle, which is illustrated opposite.

Embedding BCM in the organisation's culture



The British Standard sets out six elements, or steps, in the BCM process:

BCM programme management

Programme management enables the business continuity capability to be both established (if necessary) and maintained in a manner appropriate to the size and complexity of the organisation.

Understanding the organisation

The activities associated with "Understanding the organisation" provide information that enables prioritisation of an organisation's products and services, identification of critical supporting activities and the resources that are required to deliver them.

Business Impact Analysis (BIA) is a crucial step at this stage of an organisation's BCP. A BIA is an inherent part of BS25999 and helps organisations identify their critical activities and resources supporting the key products and services, as well as the impact of their failure on the organisation.

The BIA is an essential component of any business continuity plan. One of the basic assumptions behind BIA is that every component of the organisation is reliant upon the continued functioning of every other component, but that some are more crucial than others and require a greater allocation of funds in the wake of a disaster.

For example, a company may be able to continue more or less normally if the cafeteria has to close, but would come to a complete halt if the information system crashes.

A skilled BIA practitioner will drill down and get to the heart of the business to determine the impact of a disruption on the activities that support a company's key products and services.

The resulting BIA will:

- Identify areas that support key products and services.
- Enable a preliminary assessment of resources required for recovery or continuance.
- Establish the time window in which recovery has to take place.
- Identify the Recovery Point Objective (the time to which transactions or data has to be recovered).
- Identify vital materials and records necessary for recovery or continuance.

Determining business continuity management strategies

This allows an appropriate response to be chosen for each product or service, such that the organisation can continue to deliver those products and services at the time of disruption.

Developing and implementing a BCM response

This involves developing incident management, business continuity and business recovery plans that detail the steps to be taken during and after an incident to maintain or restore operations.



Exercising, maintaining and reviewing BCM arrangements

This leads to the organisation being able to demonstrate the extent to which its strategies and plans are complete, current and accurate and identify opportunities for improvement.

Plans cannot be considered reliable until they are exercised and have proved to be workable. Exercising should involve: validating plans; rehearsing key staff; and testing systems, which are relied upon to deliver resilience (e.g. uninterrupted power supply). The frequency of exercises will depend on the organisation, but should take into account the rate of change (to the organisation or risk profile), and outcomes of previous exercises (if particular weaknesses have been identified and changes made).

Embedding BCM in the organisation's culture

This enables BCM to become part of the organisation's core values and instils confidence in all stakeholders in the ability of the organisation to cope with disruptions.

Organisations need to train those responsible for implementing BCM, those responsible for acting in the event of disruption and those who will be impacted by the plans. This training and awareness can be delivered in many ways. Those involved in implementing BCM may require extensive training, whereas those with no direct responsibility may simply need to be made aware.

Organisations should not only put plans in place, but should ensure they are reviewed regularly and kept up to date. Particular attention may need to be paid to: staff changes; changes in the organisation's functions or services; changes to the organisational structure; details of suppliers or contractors; and changes in the organisation's strategic objectives.

The standard comes in two parts:

BS25999-1:2006 is the Code of Practice which lays out how to implement business continuity management in an organisation.

BS25999-2:2007 is the "Specification for Business Continuity Management" which explains how to show compliance with the standard.

BS25999 applies the "Plan-Do-Check-Act" (PDCA) method to establishing, implementing, operating, monitoring, exercising, maintaining and improving the effectiveness of an organisation's BCMS.

Plan

Establish business continuity policy, objectives, targets, processes and procedures relevant to managing risk and improving business continuity to deliver results in accordance with an organization's overall policies and objectives.

Do

Implement and operate the business continuity policy, controls, processes and procedures.

Check

Assess, and where applicable, measure process performance against business continuity policy, objectives and practical experience, and report the results to management for review.

Act

Take corrective and preventive actions, based on the results of the management review, to achieve continuous improvement of the BCMS.

This supports consistent and integrated implementation and operation with related management systems such as BS EN ISO 9001:2000 (Quality Management Systems) and BS EN ISO 14001 (Environmental Management Systems) and BS ISO/IEC 2701:2005 (Information Security Management.)

HOW ORGANISATIONS BENEFIT FROM BS25999

Even if an organisation never experiences a serious incident, establishing a BCMS built on BS25999 helps to define key business processes and the impacts that would result from any threats materialising. An organisation can prepare for the worst and take steps to improve its resilience.

In addition, following certification to BS25999, organisations enjoy many other important benefits:

- Organisation-wide identification and understanding of critical business process and the impact of disruption.
- Increased levels of resilience and recovery capability, and the continued survival of the organisation.
- Advantage gained over less resilient competitors.
- Positive message communicated to the media and stakeholders in crisis conditions.
- Improved risk profile in the minds of insurers, resulting in reduced insurance premiums.

- Demonstrable corporate governance of risk.
- Compliance with the expectations of regulators, insurers, business partners, and other key stakeholders.
- Reduced financial impact of incidents.
- Secured information assets.
- Reputation maintained or even improved, through demonstrating a professional approach to managing disruption.
- Essential services are uninterrupted, so the customer service experience is maintained.
- Organisational objectives are met through the ability to manage incidents and avert interruptions to key processes.
- Job security is increased through the creation of a sustainable organisation.

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Undertaking an audit for certification purposes may sound a straightforward exercise but in truth it can represent an administrative and logistical nightmare. In addition, the use of untrained auditing personnel can have a dramatic effect on the accuracy and dependability of the results.

SGS has been undertaking audits for over 120 years and has built a wealth of expertise in virtually every business sector and scenario. This makes available a unique and cost-effective worldwide resource. These skills are brought together to ensure an improvement-oriented, business-focused audit.

BS25999 will improve any business by ensuring planned, effective Business Continuity Management at all levels. SGS audits reflect this process and aim to add value by focusing on the key issues relating to their customer's organisation.

For further information about SGS auditing services and training opportunities, particularly for helping organisations achieve certification to BS25999, contact:

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SOURCES AND ACKNOWLEDGEMENTS

This paper acknowledges the following sources and useful documents:

The Cabinet Office's "Preparing for Emergencies" website provides up-to-date information for businesses and voluntary organisations. www.pfe.gov.uk

The Cabinet Office's "UK Resilience" website is a resource for civil protection practitioners, such as local authority emergency planners and business continuity managers. It offers a range of advice on emergency procedures and response. The Chartered Management Institute's 2007 Business Continuity Management Survey is also available here. www.ukresilience.info

The British Continuity Institute provides useful information, including Good Practice Guidelines 2007. **The British Continuity Institute**

Reference given to BS 25999 from the British Standard Institute. **The British Standards Institute**

www.uk.sgs.com