

Business Continuity Management

January 2004



Willis

Continuity Management is Business Survival



It is about managing the risks that threaten the survival and prosperity of an organisation – a strategy for a secure future.

All organisations are actively engaged in managing the multitude of risks faced in the 21st Century. However, the time, effort and resources given to each is often not proportional to the severity of the potential outcome, particularly when measured in business impact terms.

Business Continuity Management is rapidly developing in importance and many organisations now regard it as a 'must have', not an optional extra. It is however a truism that many organisations and individuals have reached that conclusion after being involved in an event, and even more so, following the horrific tragedy of 11 September 2001.

The reality is, however, that only 30% of companies view Business Continuity Management as an integral part of their business planning.

It is not therefore surprising that TWO out of every FIVE organisations will not survive a disaster or a major service interruption.

Of the remaining three, ONE will be out of business within two years.

Only TWO out of FIVE businesses will survive.





Business Survival

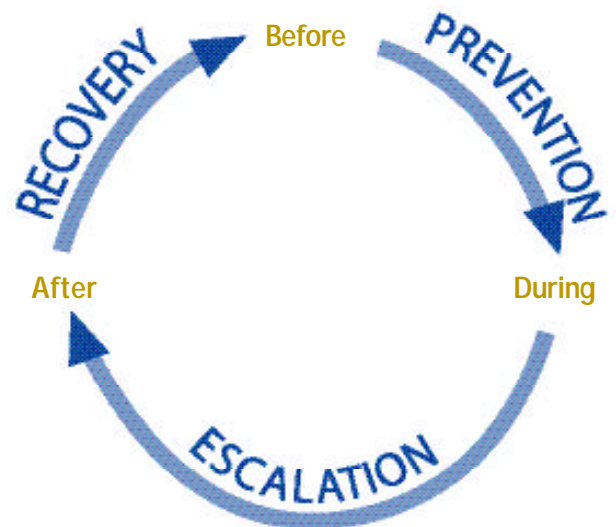
The 'survival' rationale for a Business Continuity Plan is compelling and is further enhanced by other factors:-

- Centralisation of processes and services to maximum efficiency and cost benefits, reducing resilience opportunities;
- Customer service and reliability requirements that are unforgiving to stoppages, outages or delays;
- Growth in e-commerce and overall IT dependency;
- Corporate Governance requirements for 'loss mitigation' strategies which are being reflected down the whole supply chain;
- Instantaneous vulnerability of share prices to bad news;
- News, media and public's insatiable appetite for disaster or crises events;
- Ever increasing range of threats to the business, many being from external sources;
- The main cause of a crisis is not big-bang issues but 'soft' and slow-build events (65%).



Traditionally, Business Continuity Management (BCM), has been focussed on disaster planning i.e. a process to manage the immediate aftermath of a major incident. Whilst this is an essential element, it is only a part of a comprehensive Business Continuity Plan.

A brilliant plan is no answer to a disaster that should have been prevented from happening. An effective process therefore critically examines the whole 'risk cycle' of a business from the prevention of an untoward event occurring through to reinstating its operation should all be totally lost. It looks at before, during and after.





Business Survival

Before:

Identify what can cause an accident or incident that could seriously interrupt or harm the business, the potential threats – a Business Impact Analysis.

Evaluate whether all reasonable preventive controls are in place.



During:

Are appropriate measures in place to stop an incident escalating, if it starts, in the form of emergency plans.

If the event was not foreseeable, or the emergency measures were not entirely successful, will the right people make the right decisions in the crisis.



After:

Rapid and appropriate action is needed to salvage as much as possible.

Determine what needs to be done to continue critical functions within tolerable time scales.

Consider what pre-planning is necessary to rebuild or reinstate the business.



The BCM process attempts to balance the pre-incident and the post-incident measures

Prevention



Resilience

Threats

Industrial Accident	–	Fire, explosion or failures
Natural Disasters	–	Flood, lightning or subsidence
Casualties	–	Deaths or multiple fatality
Environmental	–	A release to air, water or land
Product Safety	–	Product contamination, recall or extortion
Discrimination	–	Employee or social responsibility
Regulatory Action	–	Prohibition or prosecution
Violence	–	Terrorism, kidnap or espionage
IT systems	–	Outages, security or Internet dependency
Whistleblowing	–	Public release of damaging information



Business Survival

Where to start?

A new company, new facility or major extension provides the opportune moment to undertake the whole exercise from both Threat and Business Impact Analysis, right through to building in resilience strategies. It has the time to stand back and balance preventive and resilience aspects for an optimum blend from day one.

In the case of an existing company or facility, there will already be in place a range of preventive controls and the priority will therefore often be to build in some resilience strategies. This will usually take the form of an initial Crisis Management Structure together with Disaster Plans to cater for the 'obvious' critical functions, making best use of existing resources and ready options. In the fullness of time the full evaluation of the whole 'risk cycle' and the 'balancing' can be undertaken with refinement of the plans as appropriate.

Risk Financing and Insurance



Comprehensive and effective Business Continuity Plans are vital to support and optimise risk financing and insurance programmes, particularly Business Interruption and other related covers. Such plans demonstrate to underwriters a commitment to mitigating loss and evidence the strategy and implementation processes. They are vital to obtaining best possible terms and optimum premiums. In addition they inform the decision making process in selecting the most appropriate basis of cover, including:-

- 'first loss' options
- indemnity period
- additional increased cost of working cover
- customer and supplier dependency limits
- utilities or denial of access extensions

Business Continuity Plans that encompass balanced 'preventive and resilience' strategies further enhance a wider insurance risk profile, assisting in stabilising insurance costs long term.

Services

Willis has extensive experience in facilitating and assisting clients to produce and test Business Continuity Plans. A team of experienced risk management advisers can tailor an assistance programme to meet your needs. It is essential that your own staff have a significant involvement in the process to ensure their buy-in to the outcome and confidence in the ability to manage an adverse event effectively.

Our services include: -

- Production of Business Continuity Plans
- Auditing existing plans
- Development of existing disaster plans into Business Continuity Plans
- Development of threat specific emergency or contingency plans
- Testing of plans
- Training staff, including media management
- Review of suppliers' Business Continuity Plans
- Business interruption insurance reviews

Please contact a Continuity Management and Security (CMS) member in your local Willis office for further advice.

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