

The Business Case for Continuity

By John Matthews, Resilience Solutions

The most important initial requirement for successful business continuity management (BCM) programme is to establish a business case for establishing the appropriate management systems and processes and implementing adequate contingency planning and recovery provisions.

In order to gain sponsorship at a senior level within the business, it is necessary to set out the drivers for business continuity, for example, what you are protecting and what is mandated by third parties. It is also essential to establish what risks the organization faces and what potential losses may be in a disaster scenario. Those losses can then be compared to the cost of protecting the organisation from them.

A key point to emphasize is that disasters can and do happen.

This article is designed to outline the key arguments for spending on a realistic and comprehensive BCM programme.

One of the principal barriers to getting sponsorship for the BCM programme is peoples' preconceptions as to what business continuity is all about. Ask people to describe the reasons we need BCM and you'll probably get something like the following list:

- Terrorism
- Fire
- Environmental disaster
- Civil Disturbance

These do happen and are the major headline events that get everybody's attention. They don't happen very often, but are likely to have a major impact when they do. Of course, BCM does address these and they must be considered as possible scenarios for our response and recovery strategies to cope with, but, given the infrequent nature of these incidents and the odds on it happening to your company in particular, how much would you want to spend? A sceptical Board or senior management group with its eye on shareholder value or budget constraints will probably authorise the bare minimum necessary to provide survival-level functionality in the perceived unlikely event of one of these scenarios impacting you.

So, why should companies spend more? What's the case for doing more than the minimum?

If you are going to convince people to invest in BCM, you need to use examples of things that happen every day to somebody, somewhere - the common or garden incidents that don't make the papers, but do put organisations out of business or seriously disrupt their operations. The following are a few examples; you'll be able to think of plenty of others:

- The “Worker” with the pneumatic drill – right now, as you’re reading this, there are men out there with JCBs and pneumatic drills, digging holes. As you read this sentence, one of them has just cut through a power / comms cable or a water / gas main. Right now, one or more companies are facing major disruption because of that.
- Denial of access – an incident doesn’t have to be centred on your operations to affect you. No matter how resilient your operations, or how much you’ve reduced your risk profile, a gas leak, fire, explosion or bomb scare in the local area, or an incident in a neighbouring building, can still kick you out of your offices. Every day, the Emergency Services set up cordons across the country in response to incidents – you have no control over the likelihood or frequency of this type of external incident.
- Leaks – a leaking pipe can compromise your risers and electrical distribution networks. Drying out a building takes much longer than people imagine. In the event of a major leak, potentially think in terms of weeks rather than days.
- Utility failure – you may have a backup generator in case the power fails, but what about water. If there’s no water, health and safety considerations will force you to move out of your offices after a time. If the water table rises and the drains overflow, the same thing may happen.

These are just a few samples. I’ve ignored lots of others - systems failure, for example, because that may not be within scope of your BCM programme, instead being a responsibility of your IT Department. Of course, if it does fall within your remit, use it – you shouldn’t have too much trouble finding some examples to quote.

The message is that you cannot control your environment. No matter how much time and money you spend on risk mitigation, these things still happen and you may be affected. Also, remind them that small incidents can have major impacts and affect you for days or weeks.

Having seen why we should put BCM in place, what should the scope be? What are we trying to achieve? What requirements must we satisfy? Some or all of the following will be among the desired outcomes:

- Reduce the likelihood of disruption – obviously, it’s better if our organisation never experiences a disruptive incident and we can work towards this by increasing resilience within processes and systems and by reducing our exposures to risk by implementing appropriate measures.
- Minimise the impact of an interruption – we can’t eliminate risk altogether and we know that an organisation may face disruption to all or part of its operation at any time. Therefore, we need to make sure that we can contain the impact at a level which is tolerable to the organisation. This may mean near business as usual, simply staying in business, or anything in between. This depends on your organisation’s “pain threshold” and it is vital that your senior management group defines this as, to a large extent; it will dictate the scope of your BCM programme.

- Protect welfare of staff – organisations have an absolute duty of care to their staff. Any business continuity programme must place the safety and welfare of all individuals as a paramount concern.
- Protect clients and customers interests – people do business with us because they trust us to look after their interests, no matter what - after all, our problems aren't their problems. If we lose that trust, nobody will want to do business with us again. "It wasn't our fault" cuts very little ice.
- Protect the assets – naturally we want to do this, we've spent time and money building them up and they comprise the value of our organisation, but what are they?

An organisation's principal assets can be summarised as follows:

- Staff – the skills and knowledge in our workforce is one of the key factors in our success and is difficult, expensive and time-consuming to replace. Without them, we would be less efficient, so we need to take care of them. If we let them down, why will they be loyal to us?
- Customer / internal relationships – people do business with us because we have a workable relationship based on trust and integrity. We do what you say we will, when we say we will. If people, both internal and third parties, can't rely on us, they won't do business with us again.
- Market share / competitive position – hard won, easily lost. In today's highly competitive world, if we can't provide a service, someone else will be only too pleased to. Keeping business is much cheaper than winning it – even winning it back.
- Revenue and profits – why are we in business? To make money. If we stop making money, we go out of business. In the public sector, the profit motive may not be there, but almost all public bodies have revenue streams to protect.
- Reputation – this is the one to get the CEO's attention. Why? – because reputation is one of the main hooks on which the share price hangs. If our reputation takes a knock, our share price takes a fall – and CEOs are judged on the share price. In the public sector, this one is almost more critical, since politicians stand or fall on reputation.
- Meet regulatory / legislative requirement – If we're a listed company, and certainly if we're a financial institution, this one's self-explanatory. Turnbull, Higgs, SOX, FSA, Basel II, MiFID etc. For a lot of the public sector, there's the Civil Contingencies Act to consider.
- SLAs – not just the formal ones. Force majeure / Act of God may get us off the legal hook, but as mentioned above, once we've let somebody down, why would they want to deal with us again? We agree to provide a service – we must, at the very least, be able to demonstrate best efforts.

To sum up, we need a BCM programme because bad things do happen to good people. We need it to be realistic and comprehensive because of what it needs to do. Simple, really.