

Manage Risks . . .

Business Continuity Management

How, What & Why

Maciej Liszko

LRQA POLAND

BCI Affiliate Member



LRQA

Measure the Difference

How long will your Client survive
without you ?



LRQA
Measure the Difference

Manage Risks . . .

How patient is your Client ?



LRQA
Measure the Difference

Manage Risks . . .

POLAND, October 2009

TVN24 headlines



8 cm dzieli Elbląg od spokoju

Poziom wód opada - to najważniejsza informacja dla mieszkańców Elbląga i mniejszych miejscowości powiatu.

Alarm przeciwpowodziowy...czytaj dalej »

Setki tysięcy nadal bez prądu

15-10-2009 NA MAZOWSZU LEPIEJ, W MAŁOPOLSCE GORZEJ



Wydawało się, że rozwiązanie problemu braku zasilania w wielu rejonach Polski jest tylko kwestią czasu. Bardzo ciężka sytuacja...czytaj dalej »



Na południu stanęły pociągi

Na południu Polski pociągi nie jeżdżą, albo są spóźnione. Opóźnień mogą się też spodziewać pasażerowie podróżujący z Warszawy na...czytaj dalej »

Prąd wraca. drogi przejezdne.

Zima paraliżuje kopalnię i całe miasto

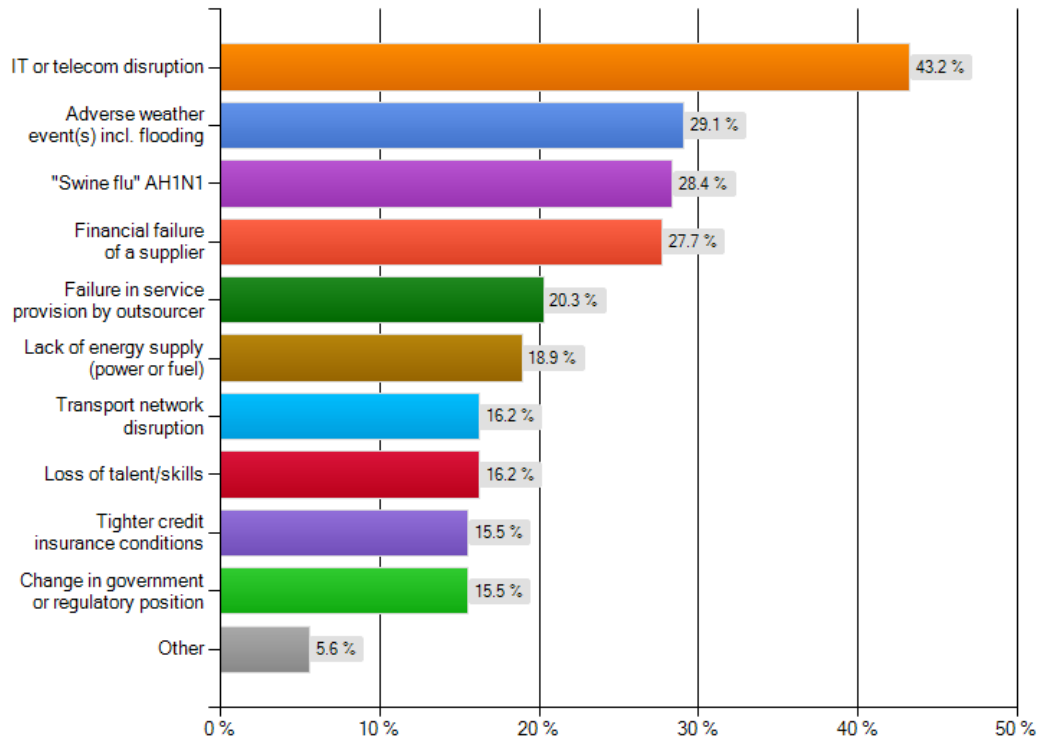
Kopalnia Olkusz-Pomorzany zalana, a prawie 400 pracowników ewakuowanych. Powód: zła pogoda przerwała dostawy prądu do zakładu. Na...czytaj dalej »



Supply Chain Resilience

BCI Survey Report 2009

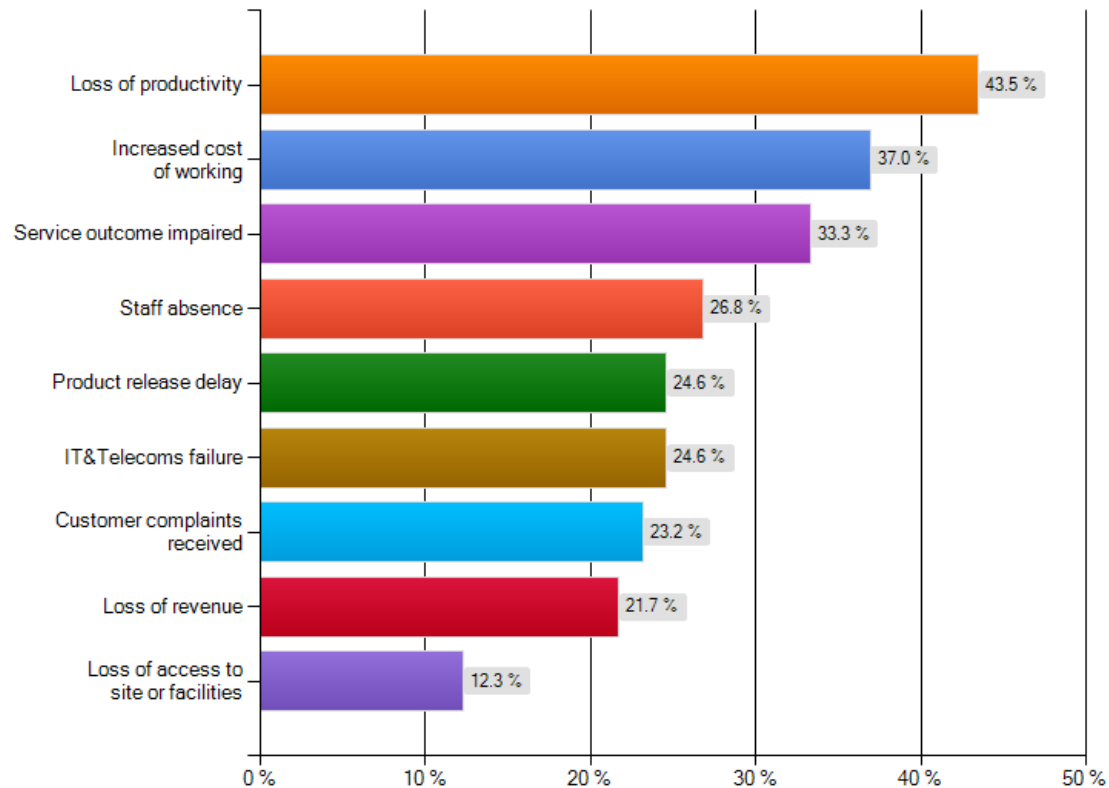
Has your supply chain been affected by any of the following within the past 12 months?



Supply Chain Resilience

BCI Survey Report 2009

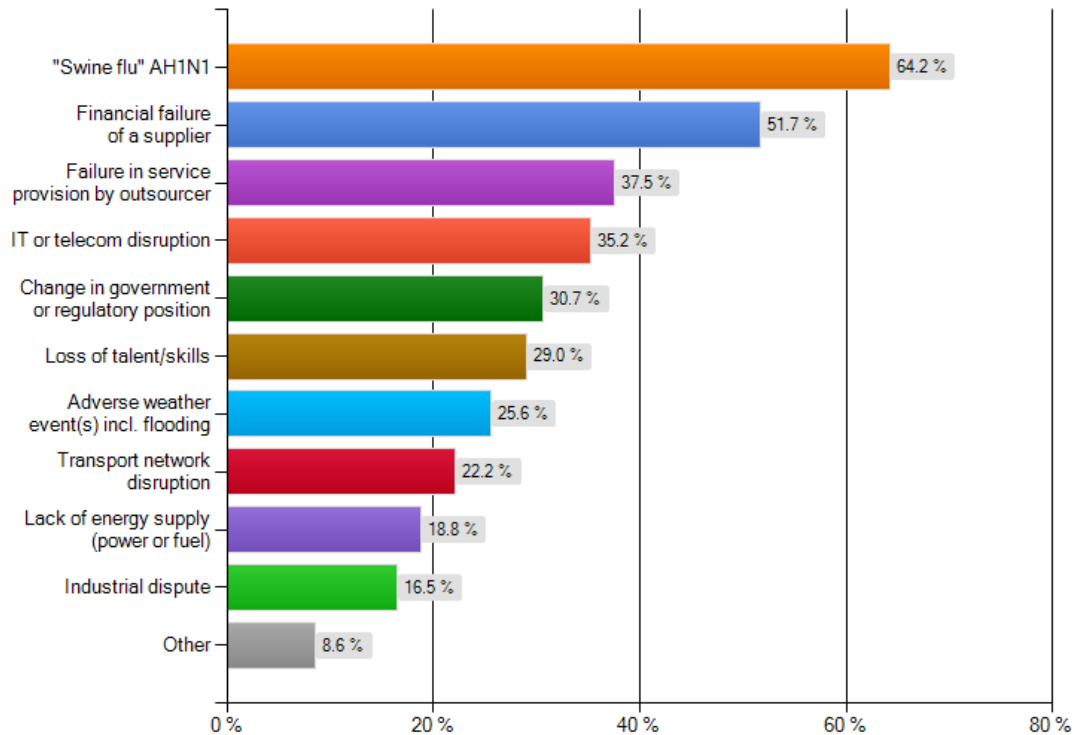
What have been the impact(s) on your organisation of these events?



Supply Chain Resilience

BCI Survey Report 2009

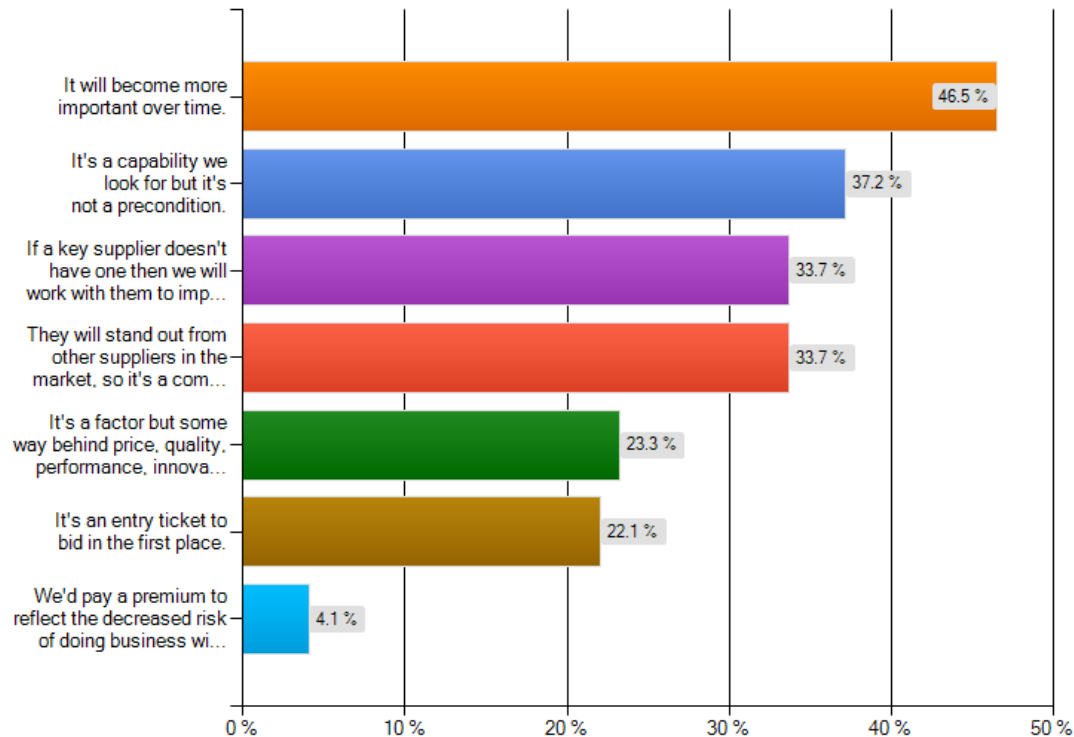
Which of the following threats do you see as major threats to your supply chain within the next 12 months?



Supply Chain Resilience

BCI Survey Report 2009

How do you currently view the importance of a Business Continuity Management capability within your key suppliers? (Tick those that apply)



Subjects

- Background of BCM
- Professional approach – BS 25999
- Connect to existing processes
- Certification
- Added value and margin for companies

BUSINESS CONTINUITY MANAGEMENT



LRQA
Measure the Difference

Manage Risks . . .

Why do we need a standard?

- Most businesses affected by a business continuity impact have failed to recover
- Lack of professional Business Continuity Management identified as critical requirement
- Major cost for insurance industry
- Major disruption of supply chains

Governments perspective

- Disasters – recovery & prevention for vital functions (resilience)



Enschede



Buncefield
Oil Storage Depot



Tieler- en Bommelerwaard



Gloucester, UK



Company perspective

- Company risks
 - **Reputation & Continuity (CSR)**
 - Quality
 - Environment
 - Health & Safety
- Finance - solvability & earning power, insurance cover
- Third Party, D&O liability (legislative requirements)
- Offshoring & outsourcing - Supply Chain risks



What is Business Continuity Management?

- Most existing management systems are about preventing things going wrong.
- BCM is about being able to recover should something go wrong.
- A management process that helps manage the risks to the smooth running of an organisation or delivery of a service, ensuring that it can operate to the extent required in the event of a disruption. *(UK Government - Preparing for Emergencies)*

The development of a standard - BS 25999

- **PAS 56**
 - **March 2003**
 - **“Guide to Business Continuity Management”**
- **BS 25999-1**
 - **November 2006**
 - **Business continuity management. Part 1: Code of practice**
- **BS 25999-2**
 - **November 2007**
 - **Specification for Business Continuity Management**

Participants in the development

Association of British Insurers

Association of Insurance & Risk Managers

Association of Chief Police Officers

Cabinet Office

Chief Fire Officers' Association (CFOA)

Financial Services Authority

Metropolitan Police

Society of Industrial Emergency Services

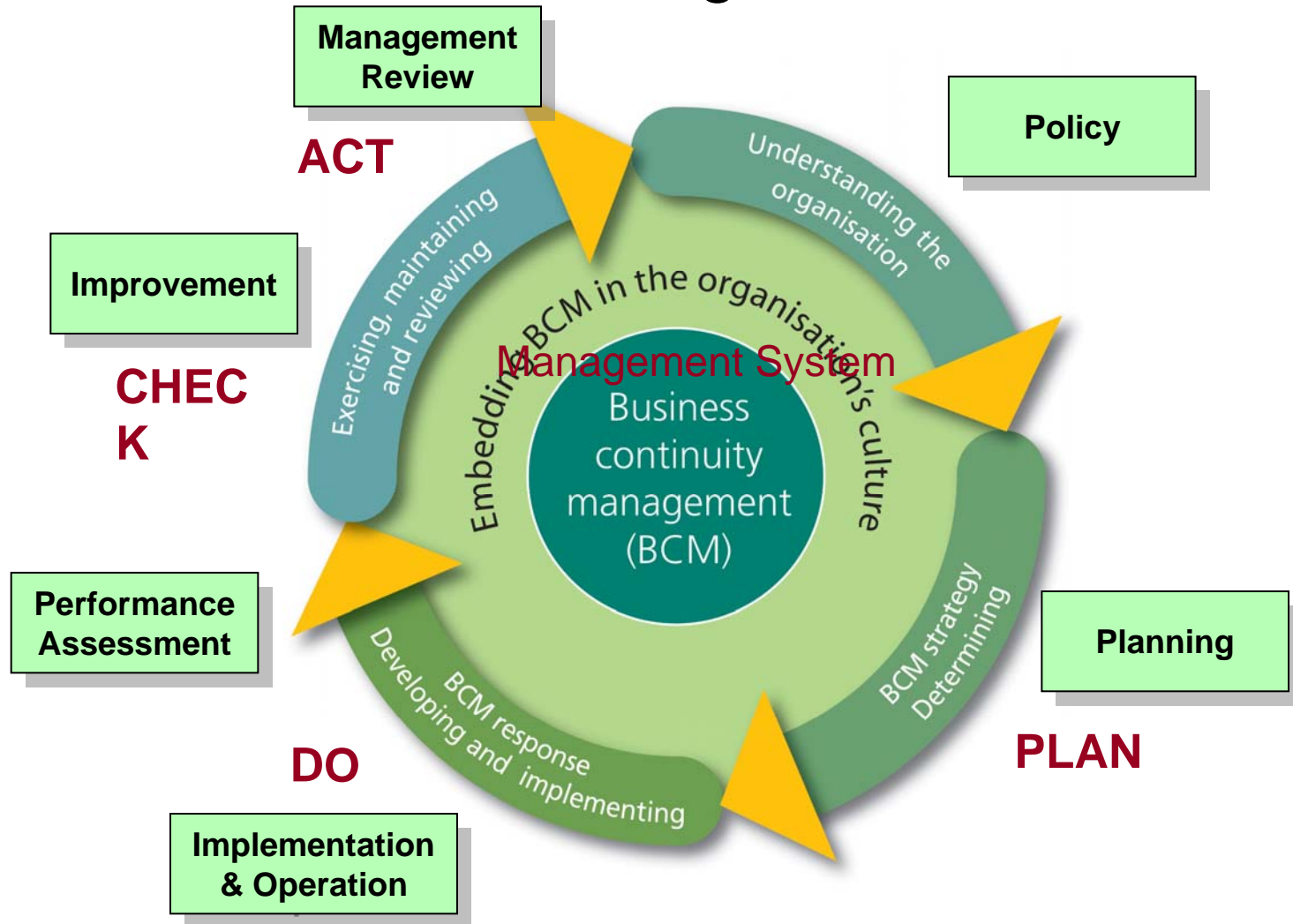
Dept. for Business Enterprise and Regulatory Reform (formerly DTI)

How does it work?

- **Based around the familiar PDCA cycle.**
- **4 main steps:**
 - **Understand the Organisation.**
 - **Determine BCM Strategy.**
 - **Develop and Implement BCM Response.**
 - **Exercise, Maintain and Review.**

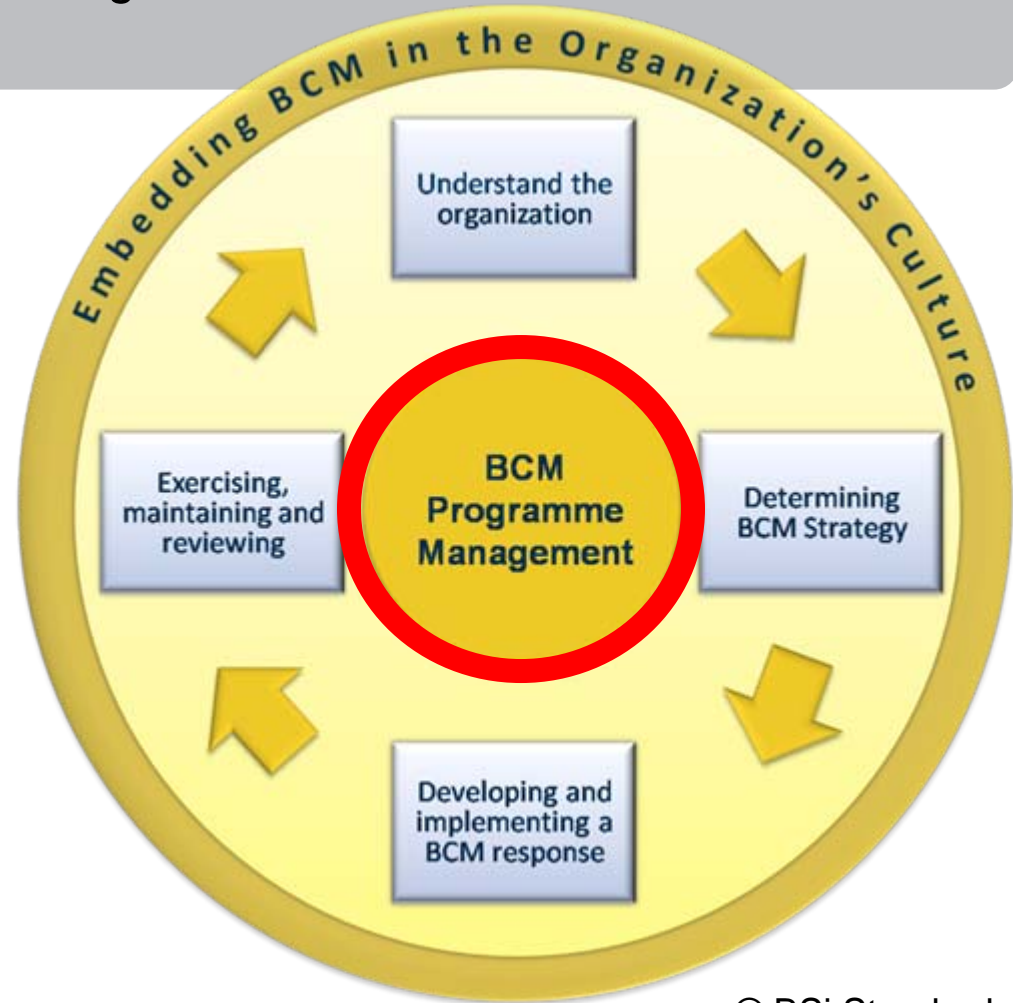


BCM model **versus** the generic PDCA model



Using BCM lifecycle as a Supply Chain Mgt Tool

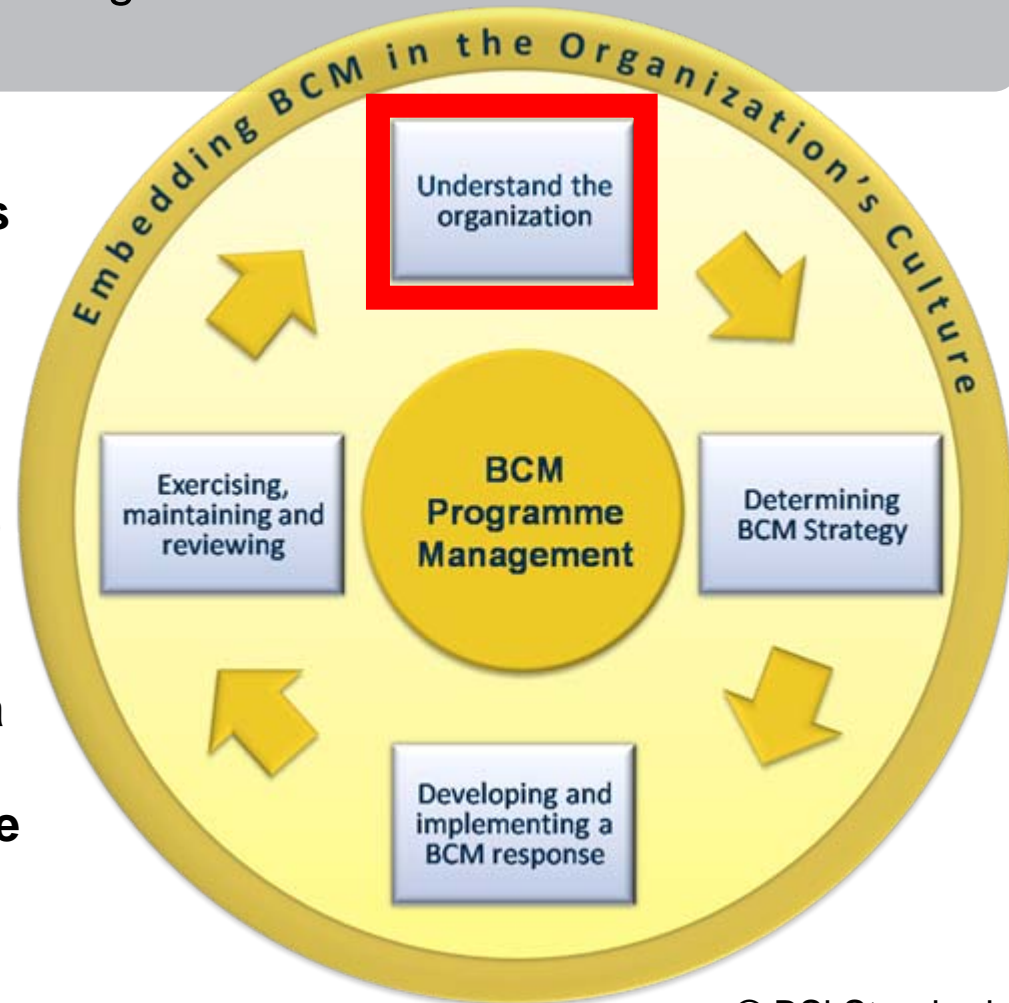
- Programme Management
 - Scoping of BCM
 - Policy agreement & sign off
 - Identification & engagement of stakeholders
 - Approach agreed
 - Roles & responsibilities



© BSi Standards

Using BCM lifecycle as a Supply Chain Mgt Tool

- Understanding the business
 - Identification of the businesses critical activities
 - What other departments or processes support the critical activities?
 - What resources are required to make the critical activities happen?
 - What are impacts of stopping a critical activity on other stakeholders over different time periods?
 - What risks do the critical activities face & how likely are the risks to manifest themselves and what would their impact be?



© BSi Standards

Using BCM lifecycle as a Supply Chain Mgt Tool

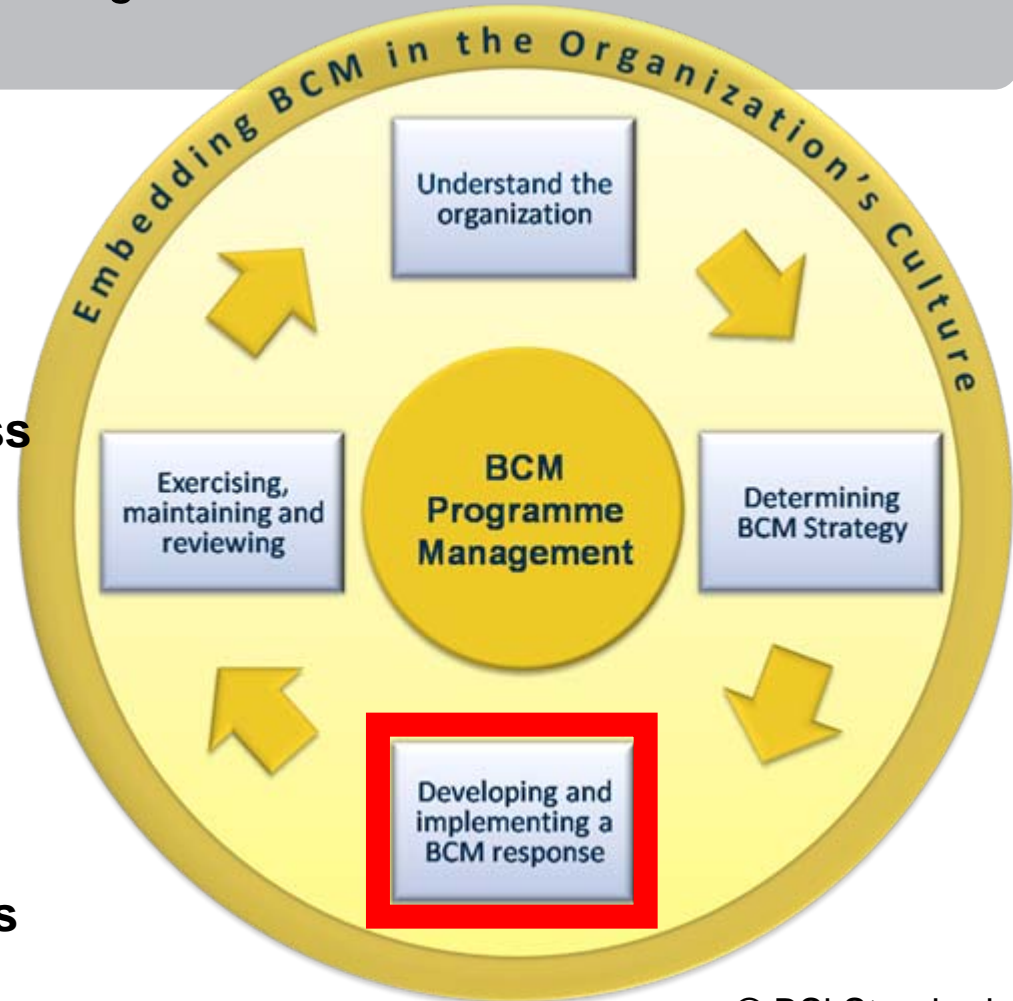
- Determining BCM strategy
 - Definition of incident response structure enabling an effective response & recovery
 - Identification of restart timescales and service levels following a disruption
 - Agreement of timescales to restore normal service levels
 - Stakeholder relationship management



© BSi Standards

Using BCM lifecycle as a Supply Chain Mgt Tool

- Developing & implementing a BCM response
 - Development of plans to effectively manage a business disruption to the point it is contained
 - Creation of business continuity plans designed to facilitate the resumption of critical activities
 - Detailed plans covering people, communication, roles & responsibilities, locations, resources etc.

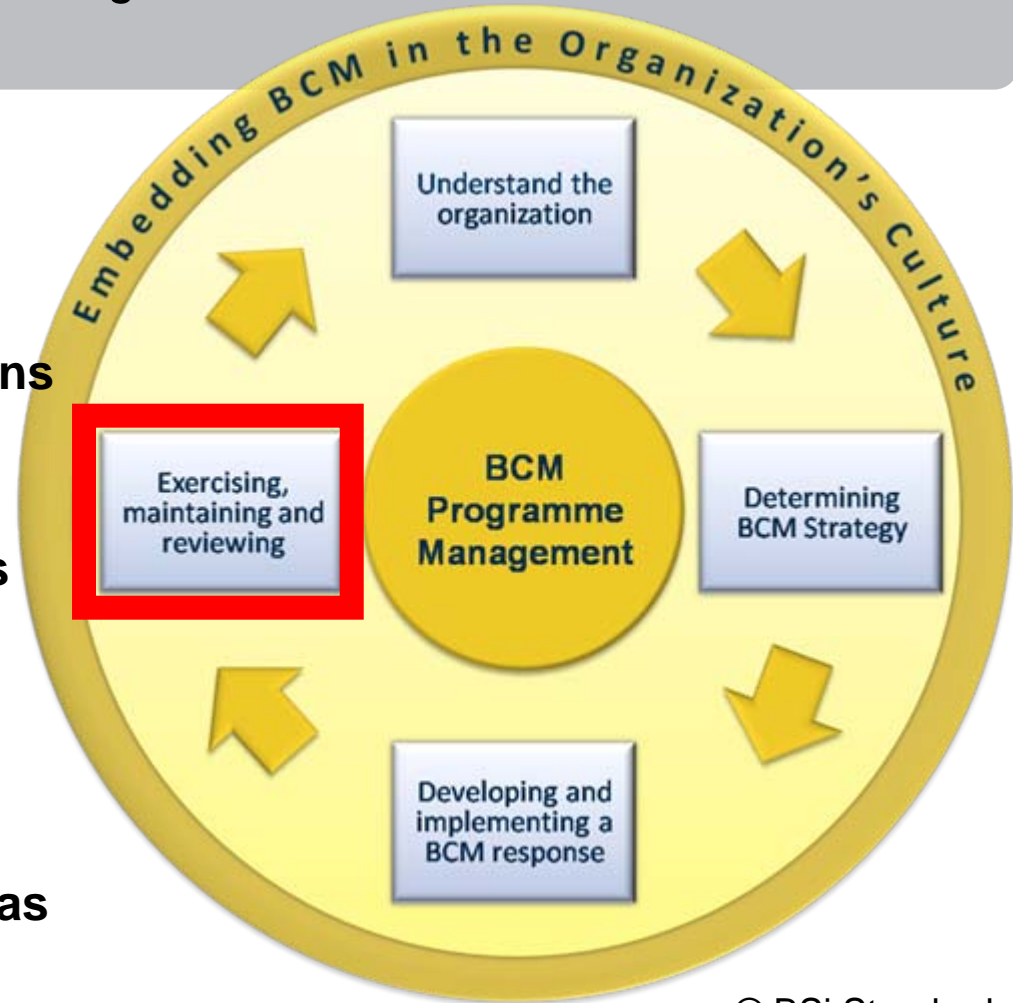


© BSi Standards



Using BCM lifecycle as a Supply Chain Mgt Tool

- Exercising, reviewing & maintaining
 - **Validates effectiveness of plans**
 - **Ensures understanding of plans, roles & responsibilities**
 - **Identifies improvement opportunities**
 - **Maintains relevance of plans as result of business changes**

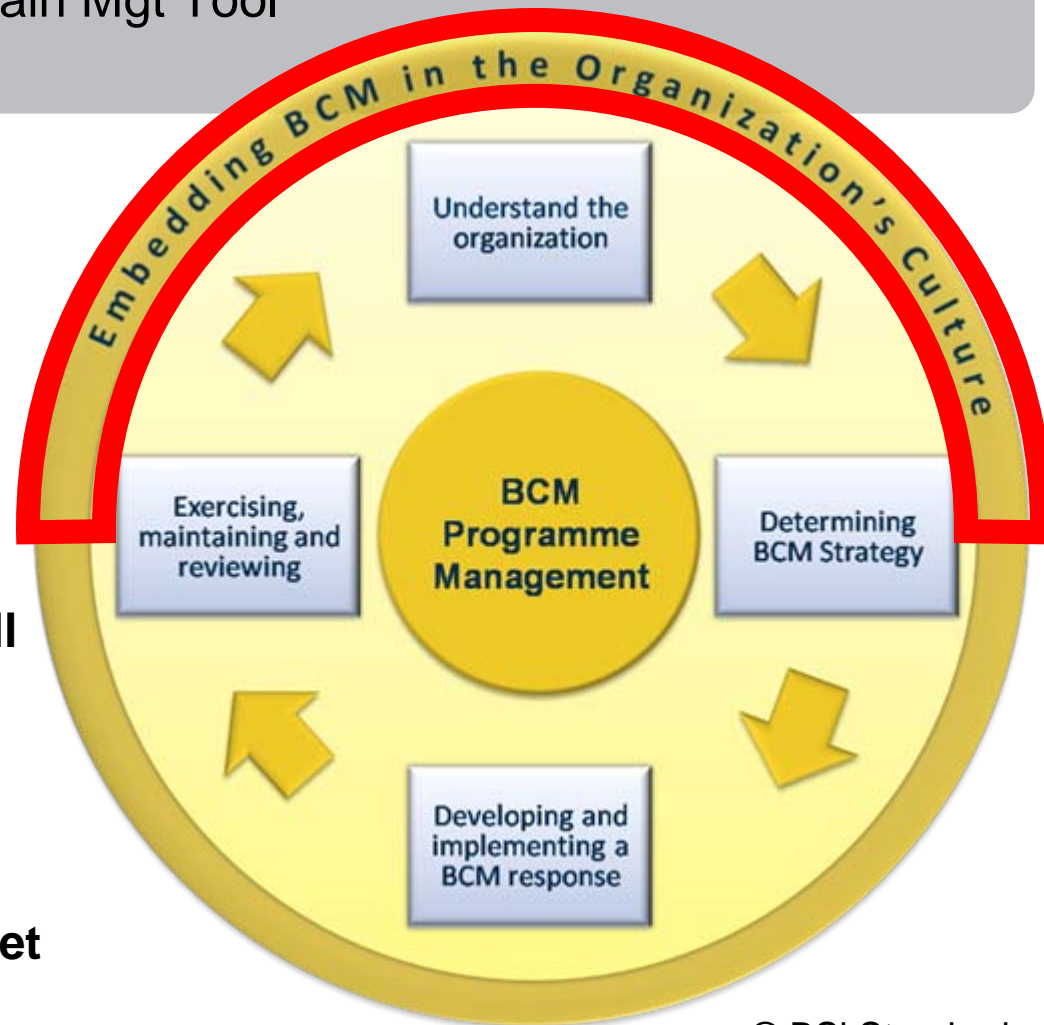


© BSi Standards

© BSi Standards

Using BCM lifecycle as a Supply Chain Mgt Tool

- Embedding BCM in the organisations culture
 - Engagement of business and wider supply chain in system development & maintenance
 - Ongoing communication to all levels reinforcing importance of and value added by BCM
 - Without this, BCM becomes little more than another cabinet full of procedures!!



© BSi Standards



LRQA
Measure the Difference

Manage Risks . . .

Build on existing systems?

- **Framework of requirements is compatible with other standards.**
- **Opportunity to integrate or combine with existing systems.**
 - **Reduce costs.**
 - **Increase effectiveness.**
 - **Focus on key issues.**
 - **Build on existing best practice.**
 - **Better management of business risks.**
- **The level of integration is for the company to decide.**
- **“Risk appetite” is a determining factor**

Certification

- Focus
- Independent opinion
- Experience & knowledge
- Evidence to stakeholders
- Linked to IFRS approach



Why should organisations be interested?

- Identification of real threats
- Building resilience & recovery capabilities
- Continuity, continuity, continuity – brand protection
- Intentional allocation of cost and resources
- Sound basis for financial sector:
 - **Banks & investors, shareholders**
 - **Insurers**
 - **Accountants**
- “Preferred supplier / business partner”
- Professionalism in contracts with suppliers
- Behold “key staff & key clients”



Tips & Tricks

- Translate Business Continuity Risks to finance
- Connect financial and operational processes
- Engage & involve
 - **Stakeholders**
 - **Suppliers**
 - **Clients**
 - **Personnel**
- Use expertise, resources, knowledge
- 80-20 rule applies – here also. Focus on top level and major discontinuities, not on the details



Summary

- Expected push for (obligatory) BCM System, with BS 25999-2 being the international reference. Extremely rapid adoption in the market
- BCM based on common PDCA cycle – perfect fit to existing management systems
- External, 3rd party audits provide independent proof of “compliance” and opportunities for improvement
- Competitive advantage
- *Financial advantages (cost, credit, debts, reserves, insurance, share price)*

Protect your Assets

Maciej Liszko



LRQA
Measure the Difference

Manage Risks . . .