

A new risk-return equilibrium

At first glance, you might think that the issue is self-satisfying, since we appear to automatically strike a new risk-return equilibrium, simply by spending less and accepting any risks revealed by the receding levels of tolerance; convenient indeed, but indiscriminate. However, even if the new balance is accepted, governance demands proper appraisal to ensure changes maximise the risk-return on available spend and leave no unacceptable exposures. In this respect, a hands-off approach allowing business continuity to gradually fall into disrepair is perhaps most damaging, potentially misleading stakeholders through inaction.

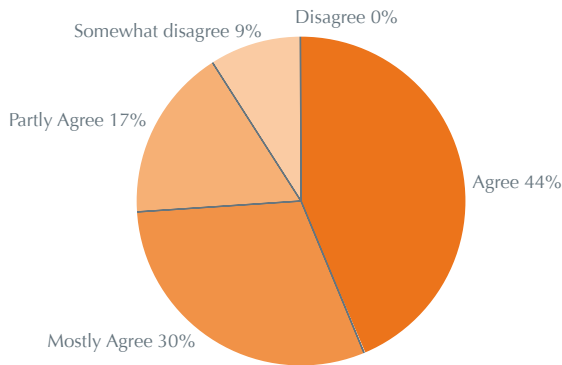
“Ensure BCM is capable of recognising when circumstances change and of reacting quickly enough to make a difference”

Inside Track

We must face reality and acknowledge the fact that we are probably less resilient than we were a year ago. Yet, in a crisis we may now need to respond faster than our BIA suggests with less funding, less organisational focus and less resource.

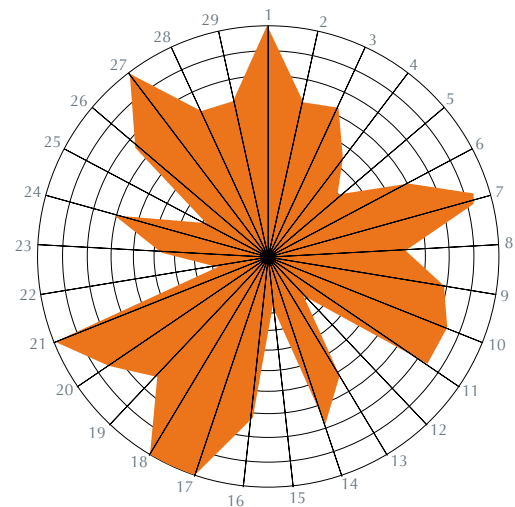
So will we make the necessary adjustments? The Benchmark pie chart below shows that 26% of participants’ responses indicate uncertainty with a further 44% ‘mostly agreeing’ with a statement reflecting update capability for BIA documentation. It suggests that whilst many participating organisations have processes in place that should support the reactive rates of change required to respond appropriately, not all are so well-positioned.

All BIA documentation is formally reviewed at least annually against BCM policy and whenever a significant change in the organisation’s impact profile occurs



The second chart shows levels of BCM policy currency attained by industry sectors where the predominance of white space suggests that continuity policy is only rarely re-validated by stakeholders. It implies that in some sectors policy objectives are unlikely to reflect changes in continuity risk arising from the Credit Crunch, and that stakeholders risk being misrepresented and governance compromised.

BCM policy is up-to-date and clearly expresses the organisation’s current BCM requirements



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| 1Biotech and Pharmaceuticals | 16ICI |
| 2Construction | 17Legal Service |
| 3Consulting | 18Machinery |
| 4Defence and Aerospace | 19Media and Internet |
| 5Education and Training | 20Oil and Gas |
| 6Electronics and IT Hardware | 21Power |
| 7Emergency Services | 22Restricted use only |
| 8Energy and Utilities | 23Retail |
| 9Financial – Banking | 24Software and Computer Services |
| 10Financial – Insurance | 25Technology |
| 11Financial – Other | 26Telecommunications |
| 12Fire, Police and Security | 27Telemarketing |
| 13Food and Drink | 28Transport |
| 14Government – Local & Central | 29(Other) |
| 15Healthcare and Education | |

Perhaps the speed with which recession has struck and the depth to which it has penetrated the global economy is uncharacteristic. Maybe it’s a one-off and has come as a surprise. The fact remains that in the space of just a few months, organisations now face losing levels of resilience they have painstakingly built up over preceding years, and must act now to prevent BCM becoming a Crunch victim. We may all need to reconsider, reposition and regroup, perhaps making more of what we have at our disposal.

Crunch times for continuity

- Make sure directors understand the situation fully. Review organisational tolerance to disruption, BCM policy and BIA with those concerned to ensure they accurately reflect current intent and future anticipated conditions.
- Proactively manage continuity risk as tolerance recedes.
- Regularly review exposures and adjust mitigation strategy.
- Plan to the new budget. Look within for alternative solutions and use tools to leverage resource.
- Resist the urge to cancel internal assurance activities.
- Become agile. Ensure BCM is capable of recognising when circumstances change and of reacting quickly enough to make a

Undoubtedly, many organisations have mature, robust continuity cultures and are well-placed to respond to these new challenges. Others will with equal certainty experience major change and may need to act along the lines described here. You may like to consider where you stand. In any case we wish you a prosperous 2009, and please don’t forget to use your free BCI Benchmark. For more information contact: bci@thebci.org or info@inoni.co.uk.

