How Organizations Drive ROI Through Business Continuity Management

Threats are all around us. It's the ones that organizations do not consider and plan for that often cause the most damage to people, property and reputations. Risk managers are responsible for preparing their organizations to weather a crisis – to ensure their businesses remain viable, to mitigate against loss of market share. The stakes are incredibly high:

- Economic losses from natural disasters topped $232 billion in 2019 – ending the costliest decade for natural catastrophes[1]
- Annual global cyber losses are expected to reach $6 trillion by 2021, with cyber security spending set to exceed $1 trillion cumulative in the five years period leading up to 2021[2]

Risk managers need a framework to process operational threats of a complex world. That framework is Business Continuity Management (BCM).

BCM is a holistic approach that identifies potential threats to a business then helps mitigate the potential financial and operational negative impact. Sound business continuity plans can help organizations respond to business disruptions effectively, manage supply chain challenges and minimize critical operations outages. BCM builds organizational resilience to safeguard the interests of key stakeholders and their value-creating activities.

Business Continuity Management can enhance an organization's financial performance. This report explores the foundational elements of BCM, how organizations can understand their level of BCM maturity, what it takes to develop a business continuity plan, why a Continuity Blueprint is an essential part of risk management and how to implement a BCM system that can produce a return on investment.

Four Key Components of Business Continuity Management

Business Continuity Management must be a core part of the risk management function within any organization. Risk management seeks to identify and quantify the threats to the business, its people, its facilities, its operations and its finances. Business Continuity Management takes those risk calculations and puts them into action.

Business Unit Continuity

This team makes the necessary preparations to identify the impact of potential business interruptions. It formulates recovery strategies, develops business continuity plans and administers a training, exercise and maintenance process.

Crisis Management

Risk managers need the ability to strategically manage an event, including the internal and external communications necessary to protect an organization's reputation and brand image.

Emergency Response

Business continuity requires a coordinated, effective and timely response to an emergency. The goal is to avoid or minimize injury to personnel and damage to an organization's assets.

IT Disaster Recovery

An organization should address the technological tenets of a business continuity program. The focus is on restoration, possibly at an alternate location, of data center services and computing capabilities

1 Weather, Climate & Catastrophe Insight: 2019 Annual Report, Aon

2 Top 5 Cybersecurity Facts, Figures, Predictions, And Statistics For 2020 To 2021, Cybercrime Magazine

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Gauge an Organization's BCM Maturity

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Robust Business Continuity Management doesn't happen overnight. Organizations must be aware of their maturity level and how to progress further. Backed by decades of experience and research, Aon sees five levels of Business Continuity Management maturity:

Level 1

An organization lacks a person or team that has tactical responsibility for business continuity. There is no real risk assessment and business impact analysis or understanding of IT threats. Business recovery strategies are non-existent, as is testing, training and maintenance of a business continuity program.

Level 2

A cross-functional program steering committee exists at an organization. That committee runs a limited risk assessment and business impact analysis. The organization has limited documentation for some elements of its business continuity program. It has a rough idea of its business recovery needs and IT recovery capabilities. Some exercising, training and maintenance of business continuity processes are in place.

Level 3

Most major organizations are at Level 3 maturity. Organizations have a steering committee with defined responsibilities and roles. Risk assessments and business impact analyses are performed regularly. An initial framework is in place for IT asset recovery and restoration. Documentation of business continuity plans exists but may not cover all the emerging threats. Communication tools and processes are in place for a business disruption but may not be thoroughly exercised. An objective program review occurs periodically.

Level 4

At this level, Business Continuity Management is producing a strong return on investment. Business continuity program policies and standards are documented. The organization has a detailed analysis of business impacts and risks are identified, quantified and regularly reviewed. Fully documented business continuity plans exist that include up-to-date contact information, recovery resource requirements, critical function listings and identified dependencies. IT has comprehensive failover and failback plans for all critical systems. Employees across the organization are aware of the program and involved in drills to successfully demonstrate recovery from a business disruption. Risk managers have a formal test schedule in place, along with automatic updates and maintenance triggers.

Level 5

Here's what Business Continuity Management performed at its highest level looks like: Responsibility for the program defined and understood across enterprise. A culture of business resiliency exists and is part of day-to-day operations. The importance of business continuity is communicated well internally and externally. The organization has a vendor resilience program in place to protect against supply chain disruptions. Robust testing is performed throughout the year, including tests with critical vendors and surprise drills. Changes to the business continuity program are automatically incorporated into operational training materials and a system is in place to test employees on performing their recovery responsibilities. Senior management reviews the program regularly and evaluates performance based on defined metrics.

Risk managers must know their current level of BCM maturity before they can create a better business continuity plan.

Develop a Comprehensive Business Continuity Plan

A business continuity plan is the base for most BCM processes and consists of three distinct sections: an emergency response plan, a crisis management plan and an operational recovery plan. Each part of a three-pronged business continuity plan must be strong to have a high-functioning BCM program.

Emergency Management and Response

An emergency response plan provides a detailed set of protocols and guidelines that seek to minimize the impact on the safety and health of personnel and reduce the overall effect of an emergency. Proper planning and training of an organization and its staff enable a quick and effective response to the threat. Every emergency response plan should:

- Set specific emergency response goals
- Design evacuation routes and staging areas
- Evaluate and enhance emergency response communications

Regular reviews and testing are needed to ensure that the plan functions as intended and delivers when disaster strikes.

Crisis Management and Communication

A crisis management plan may sound similar to an emergency response plan, but in a BCM context, they address two different needs. Organizations should view the crisis management plan as the bridge between its emergency response and its operational recovery. To execute a crisis management plan effectively, organizations need a well-trained crisis management team. Every crisis management plan should:

- Verify the appropriate resources available in support of the decisions and activities of the crisis management team
- Provide instructions for identifying, managing and recovering from the crisis
- Develop status boards designed to track all team activities and assist in the coordination of incident remediation
- Identify key constituencies and outline necessary communication protocols

Disasters will test even the most experienced people's capabilities, which is why it is necessary to conduct training and exercises that challenge the crisis management team to maintain the plan's effectiveness.

Business Restoration and Operational Recovery

An operational recovery plan helps ensure that personnel and assets are protected, and operations are efficiently restored following business interruptions, emergencies, crises or disasters. This plan helps organizations recognize threats to their operations and develop functional response capabilities to recover. Every operational recovery plan should:

- Qualify and quantify threats and vulnerabilities
- Develop mitigation and control strategies for the significant threats to business continuity
- Determine the impact that major risks have on the supply chain and logistics

Threats and vulnerabilities often escalate after a business interruption. Qualitative and quantitative analysis across an organization is needed to identify the natural, technical and human-made gaps to any Business Continuity Management strategy.

Business Continuity Plan Exercising

Successfully recovering after an interruption depends on not only the business continuity plan's comprehensiveness, but also the organization's ability to execute the plan effectively. Untested plans and teams have a greater likelihood of failure, loss of revenue and increased reputation damage. Organizations can keep their plans updated and their employees sharp through rigorous exercising. The options can vary depending on the organization, but here are the most common and useful exercises and tests:

Structured Walkthrough: An informal review with team members to assess comprehensiveness, effectiveness and identify enhancements and deficiencies.

Desktop Exercise: A simulation typically conducted in a conference room and is designed to execute documented plan activities in a stress-free environment.

Multi-Location Simulation: A series of simulated events across several locations where multiple teams execute the plan.

Functional Test: An exam that tests whether plan procedures are effective, assumptions are accurate, and resources are available during a simulated event.

If your plans have not been exercised by an independent and unbiased organization, they may fail in a time of need. A well-developed business continuity plan is the first step in Business Continuity Management, but far from the last. The ever-changing nature of threats requires savvy risk managers to go a level deeper in their preparation with a Continuity Blueprint.

Mitigate Emerging Risks with a Continuity Blueprint

A continuity blueprint is the cornerstone for business continuity management. The blueprint gives organizations an effective and proven approach to dealing with business interruptions. It starts with a cost-benefit analysis that involves the leadership team without intruding on routine operations.

The goal of a continuity blueprint is to create a catastrophe-resilient organization – it complies with regulatory and internal audit standards as well as follows industry best practices. The comprehensive blueprint will encompass:

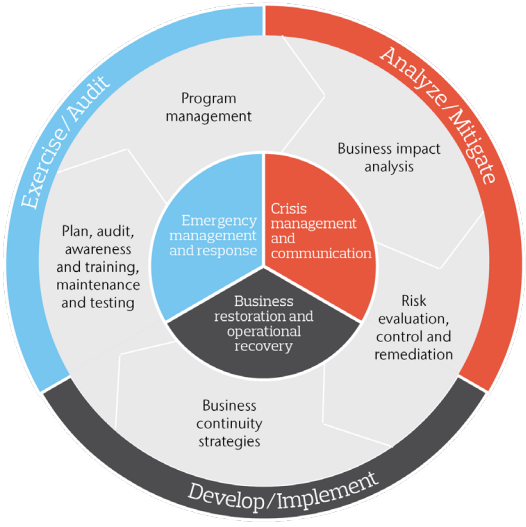
- Program management
- Business impact analysis
- Risk evaluation, control and remediation
- Business continuity strategies
- Plan audit, awareness and training, exercising, and maintenance

An ideal blueprint will significantly reduce the staff time necessary to develop and maintain response and recovery plans compared to traditional planning approaches.

The continuity blueprint reduces deployment and activation time when compared to other planning approaches. It allows users of the blueprint to implement response and recovery procedures, by department or business unit, following predetermined timelines.

The process of creating a continuity blueprint will identify and incorporate the critical functions for recovery. It will provide response and recovery strategies to help reduce business interruption. It is a flexible approach that includes any existing or previous efforts, such as emergency management planning, business continuity data gathering, or information technology procedures.

Designed for organizations that function in a team environment, an operative blueprint is time and cost-effective. The methodology produces plans that are concise, substantive and have a long shelf life. It becomes management's plan of critical actions and responsibilities necessary to respond to incidents, restore essential business functions, and enable effective recovery communication. This is a visual representation of the work that goes into creating and maintaining a continuity blueprint:



Take Business Continuity Management to the Next Level

To gain the most return on investment from Business Continuity Management, organizations should approach it as a continuous improvement process. Here are the eight steps to develop a holistic approach that adapts as an organization's risks evolve:

Step 1	Impact Tolerance and BCM Evaluation	Does an organization understand its risks? Does it know the risks for which it is willing to accept corresponding impacts? And the risks it should transfer? An impact tolerance and a BCM evaluation will answer those questions from financial, operational, brand, crisis and human perspectives. The goal is to have a consistent methodology to categorize and quantify risks.
Step 2	BCM Charter and Governance	Organizations should develop the business continuity plan, the Continuity Blueprint and the governance structure that directly ties into their business objectives. An organization should decide who oversees the BCM process and what resources and people are allocated to it. Good governance comes down to policies, protocols and procedures as well as senior leadership understanding their roles, responsibilities and budgets.
Step 3	Emergency Response and Crisis Management	This step is very tactical in nature. It clarifies how an organization will respond differently to an earthquake versus a wildfire versus a cyberattack. It's essential to delve into senior management's thought processes and the performance metrics of each relevant scenario.
Step 4	Business Impact Analysis	It is mission critical that if an event occurs that an organization knows the resources it will need to respond to the crisis and how long the emergency will negatively impact business operations in terms of seconds, minutes, hours, days and weeks.
Step 5	Strategy Selection	The BCM strategy must develop high-level plans for how the organization will recover from its critical risks and outline the range of tactics it should deploy to be resilient in each event.
Step 6	Business Unit Plans	Risk managers need to take BCM to the operational unit level to be prepared for the unexpected. The plans should include specific responses and recovery tactics for each business unit.
Step 7	Awareness and Exercising	The best-designed plans are ineffective if people within an organization don't know about them. An organization-wide awareness of the mitigation strategies will help save lives and resources during a disaster. Thoughtful exercises and training will keep employees' skills sharp and contribute to a culture of business resiliency.
Step 8	Roadmap and Maintenance	It is the end of the journey and the beginning of a new one. Risk managers who want to push their organizations to improve their BCM maturity will need to focus on long-term program growth. So much value is lost when organizations don't take this step and renew the cycle. BCM is about learning from the past so an organization doesn't make the same mistakes again years down the road.

Business Continuity Management and Return on Investment

A meticulous examination and documentation of business continuity threats can help an organization beyond its risk management. Business Continuity Management enables customers to feel confident that their suppliers can withstand volatile situations.

Business Continuity Management's return on investment can ripple through an organization if it is embedded in its culture and becomes a catalyst for resiliency. A comprehensive BCM process can clear away the operational fog and help risk managers focus on the things that truly matter.

New risks are always on the horizon. Business Continuity Management can give organizations the framework to face the future on their own terms. The process can produce a significant return on investment and the peace of mind generated can be priceless. Aon will work with your organization to establish a Business Continuity Management strategy that supports its overall business objectives. Building resilience is worth the investment.

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