

# What is Business Continuity Management?

## Introduction

### What is BCM?

Business Continuity Management (BCM) is defined by the British Standards Institution (BSI) Publicly Available Specification 56 (PAS 56), published in March 2003 as follows, stressing that it should be a 'management system' and not simply a plan-building process:

'An holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interest of its key stakeholders, reputation, brand and value-creating activities.'

The British Standard BS25999 maintains this definition.

DRI International takes this definition one stage further, within its Glossary of Terms, by adding the important elements of training, rehearsals (exercises) and reviews (audits/maintenance):

'The management of recovery or continuity in the event of a disaster. Also the management of the overall program through training, rehearsals, and reviews, to ensure the plan stays current and up to date'.

The Australian/New Zealand Standards publication of 2004 consolidates the essential elements of these other two definitions and stresses the need for top-down support from within each organisation:

'An ongoing process supported by senior management and funded to ensure that the necessary steps are taken to identify the impact of potential losses, maintain viable recovery strategies and recovery plans, and ensure continuity services through personnel training, plan testing and maintenance'.

### What are the drivers for BCM?

The drivers that create the need for a BCM programme are diverse and are governed by the characteristics of each organisation, the sectors within which they operate, and the cultural attitudes of the management teams that lead them.

In principle, these drivers might be as follows:

- Supply chain complexities, which generate intricate interdependencies (both first and third party), latent exposures (which may or may not be known), and single points of failure which require commensurate levels of risk control.
- Reputation and brand protection issues, within mature consumer-oriented markets, where levels of competition are high.

- Corporate governance / regulatory requirements (e.g. the Turnbull Code, Basel Accord, PAS 56 / BS25999, Sarbanes Oxley, Civil Contingencies Act, Operating and Financial Review), which will be more or less mandatory, depending upon the sector concerned.
- Historical experience (active learning), where previous losses, which may have been experienced by the organisation itself, or by others in a similar trade, or with similar structures/processes that will generate an increased interest in loss prevention and risk control.
- Insurer pressure for greater evidence of risk management practices, which is increasingly an issue for most organisations, following significant insurance market losses arising out of terrorist and natural catastrophe events, particularly over recent years.
- Risk financing priorities (self-insurance levels), where an organisation will decide that it has the strength to absorb more risk itself, but wants to manage that risk more actively, through increased risk control measures.

Many of these drivers have been active now for a number of years, leading to an increasingly well-developed understanding of BCM and a greater general commitment to developing such programmes alongside other risk management activities, for example, property loss control, health and safety, and enterprise risk assessments. However, it is generally accepted that the SME sector is less well-advanced in this field than major national or multinational organisations.

### **What are the benefits of BCM?**

The benefits of BCM will vary from organisation to organisation, and will be dependent upon drivers that lie behind the programme.

Some of these benefits might be as follows:

- Identification and understanding of critical business processes; and the impact of disruption and priorities for recovery
- Increased levels of resilience and recovery capability
- Competitive advantage over less resilient competitors
- High levels of protection for interests of stakeholders
- Positive message and image to media and stakeholders in crisis conditions
- Improved risk profile in minds of insurers
- Demonstrable corporate governance of risk

It is difficult to translate these benefits directly into financial terms, with the possible exception of the one relating to competitive advantage. However, research has shown that well-developed and practised crisis management can significantly support and enhance shareholder value in the ensuing period following a major incident.