The seven essential practices for effective business continuity management

Building a business-centric program to help reduce risk
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Executive summary

In today’s global environment, organizations face an increasing range of opportunities and simultaneously, expanding risks. As a result, executive teams and boards of directors within many organizations are paying closer attention to enterprise risk management. They want to know what kinds of events can impact business objectives, and they want to see a solid plan for managing risk within the boundaries of the organization’s risk appetite.

Decision makers also agree that business continuity management (BCM) is crucial to their organization’s business operations and reputation, but few organizations adequately integrate BCM into their overall enterprise risk management program. For the most part, BCM plans do not get executive-level attention and are not re-evaluated in response to strategic changes.

Few organizations adequately integrate BCM into their overall enterprise risk management program.

This white paper describes a tested approach for successfully evolving business continuity into an organization-wide, integrated program. The seven essential practices described in the paper provide a roadmap for elevating BCM to the enterprise risk management level and improving consistency across your business units and geographies.

Introduction

The drive to advance a competitive business strategy while reducing risks is a constant balancing act for organizations in every industry and of every size. If yours is like most companies, you probably have some kind of a BCM plan in place to help mitigate risk, but it probably does not do everything it could. In a study conducted by the Ponemon Institute for IBM, only 17 percent of the more than 2,300 business continuity specialists and IT security practitioners surveyed said their organization has a formal strategy for business continuity that is consistently applied.1 Even the most well-defined and well-executed plan may not adequately protect your business if it has not evolved to address changing risks that arise as your strategy shifts.
Only 17 percent of organizations have a formal strategy for business continuity that is consistently applied.

Evolving your BCM program so that it keeps up with strategic changes requires a proactive, business-centric approach that makes business requirements and priorities central to your success criteria. The seven essential practices shown in Figure 1 are the keys to successfully implementing such an approach:

1. Secure executive sponsorship for business continuity management
2. Conduct a comprehensive assessment of your current business resilience posture
3. Elevate the business continuity management discussion to the enterprise risk-management level
4. Perform a holistic analysis by looking across organizational and location boundaries
5. Identify the most critical processes in terms of BCM priority for driving business strategy
6. Apply a common, integrated and company-wide BCM approach to enable more consistent planning and risk mitigation
7. Establish a centralized governance structure integrated across business and IT

Figure 1. IBM recommends these seven essential practices for implementing a successful BCM program.
**Definitions used in this paper**

Organizations may have various definitions for business continuity and risk-related terms. To establish a consistent understanding within this paper, the following definitions are provided:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Business continuity:</td>
<td>The capability of an organization to continue delivery of products or services following a disruptive incident</td>
</tr>
<tr>
<td>Business resilience:</td>
<td>The ability of an organization’s business operations to rapidly adapt and respond to internal or external dynamic changes—opportunities, demands, disruptions or threats</td>
</tr>
<tr>
<td>Crisis management:</td>
<td>The overall coordination of an organization’s response to a crisis in an effective, timely manner with the goal of avoiding or reducing damage to the organization’s profitability, reputation or ability to operate</td>
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<td>Disaster recovery:</td>
<td>The process, policies and procedures that are related to preparing for recovery or continuation of technology infrastructure (cloud or traditional) that are vital to an organization after a natural or human-induced disaster</td>
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<tr>
<td>Enterprise risk management:</td>
<td>A process, which is strategically applied across the organization and influenced by the board of directors, management and other executive-level personnel, designed to identify potential events that may affect the organization, prevent risks from exceeding the organization’s risk appetite and provide reasonable assurance regarding the achievement of the organization’s objectives</td>
</tr>
<tr>
<td>Operational availability:</td>
<td>The processes, policies, procedures, architecture and infrastructure required to ensure that applications, systems, and data are up and available for use according to the businesses resilience requirements</td>
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1. **Secure executive sponsorship for BCM**

   The challenges

   In most organizations, BCM is primarily handled at a functional or location level to address workspace issues for end users or business staff. As a result, it does not receive much executive focus. Lacking this level of attention, the potential impact of business continuity risk on strategic objectives is often overlooked or “falls between the cracks” of the various business areas or locations. Unless there is an assigned enterprise executive sponsor with direct accountability for BCM, organizations are unlikely to adopt a more holistic top-down view of business continuity.

   **Practical application**

   The role of an enterprise executive-level sponsor is to educate other decision makers within the organization about the strategic impact of business continuity risks, help them understand that BCM is based on business requirements and help them see IT as part of the solution rather than part of the problem. To achieve this, the organization needs to adopt an enterprise-wide view of BCM, as illustrated in Figure 2.
In addition to the enterprise executive sponsor, a line-of-business executive sponsorship and accountability for BCM needs to be established in order to support a top-down commitment within each of the operational silos that are common within most organizations today. This is critical, because leaders at this level have a more in-depth understanding of the organization’s strategic business direction than do the people with technical or auditing roles who may report to the chief information officer (CIO).

Line-of-business sponsors are empowered to take ownership of the BCM program as a business function. At the same time, they are responsible for elevating the BCM program to a strategic business level and being active proponents for BCM awareness at all levels of the organization—from executives and the board of directors to individual employees. They also have upstream accountability to the senior executive team and board of directors for the state of BCM within their line of business.
Within each line of business, there should also be one or more BCM coordinators with responsibility for program implementation and maintenance at the silo level.

**Benefits**
This essential practice is a prerequisite for integrating your organization’s business continuity plan with its overall strategic business objectives. Securing an enterprise executive-level sponsor provides focus, support and commitment at the C-suite and board of directors level for your BCM program. Assigning line-of-business executive sponsors reinforces the senior executive commitment and demonstrates the importance of BCM to everyone within your organization. Each line of business executive sponsor is directly accountable for the success (or failure) of BCM for their organization.

**Assignment of BCM executive sponsorship at the line-of-business level facilitates BCM as a strategic business requirement.**

**2. Conduct comprehensive assessment of current business resilience posture**

**The challenges**
Most executives are unaware of the shortcomings of their BCM program because communication and interaction between IT and the business is limited. In addition, regular maintenance and evaluations may not be performed as often as needed (for example, following major strategic changes like mergers or acquisitions). Many organizations also rely on theoretical assumptions rather than actual testing that could provide a level of assurance and allow them to truly recover critical services in a disaster situation. Furthermore, within a single organization, risks may be defined inconsistently, leading to gaps, redundancies and overlaps in responsibilities that make it nearly impossible to accurately evaluate a BCM plan’s effectiveness.

**Practical application**
Overcoming these issues requires conducting a cross-organizational, end-to-end, BCM standards-based program assessment. This assessment should look at more than just your technology recovery capabilities. It should evaluate all aspects of your business continuity management program to help make sure that you have comprehensive coverage of business resilience, including continuity, availability, recovery, security, operational risk and crisis management. The assessment should identify baseline industry standards and best practices, determine your overall BCM program maturity level, indicate gaps in maturity or standards alignment and provide a roadmap for improvement.

The scope of this assessment should include all components of the BCM program (business continuity, availability, disaster recovery, security and crisis management) starting at the executive business strategy layer and progressing down through the organizational lines of business, operational processes, information technology and facilities. (See Figure 3.)
Key considerations in the BCM program assessment should include:

- The last time anyone reviewed and updated your business continuity plans
- How well integrated your plans are with your enterprise risk management program
- How well they comply with regulatory requirements
- How consistent they are with industry standards and best practices
- How they compare with peer capabilities within your industry or business sector
- What proof exists that you can successfully manage a disaster
- When and how the effectiveness has been tested, and who has seen the results
- How well your program capabilities meet your stated objectives

Figure 3. An enterprise-level BCM assessment includes all six organizational layers.
Benefits
An accurate and realistic assessment can provide a clearer picture of the effectiveness of your current BCM plan and a baseline for improving it. It can also help you better manage internal compliance and offer guidance to your suppliers so that they can meet your compliance standards as well.

3. Elevate the BCM discussion to the enterprise risk-management level

The challenges
Organizations tend to separate risk management based on the type of risk. For example, the risk officer may be responsible for enterprise risk management, while the chief information officer (CIO) might oversee IT risk. Although this may seem sensible on the surface, such a patchwork approach to risk management can leave the organization more vulnerable and less compliant with regulations. Executive-level decision makers may also be inclined to ignore business continuity risks because they erroneously believe that these risks only impact IT and have no effect on the organization’s strategic business objectives.

Practical application
BCM needs to be integrated with the overall enterprise risk management conversation, but this can only occur if executives understand the relationship of BCM to their business strategy. To achieve this, you must invoke business-centric language in any discussion about business continuity and tie BCM to strategic business objectives. Focus on how BCM supports strategic business objectives, as well as on the expectations of customers, business partners, stakeholders and regulators. Although it may not be top of mind on a day-to-day, business-as-usual basis, BCM will become the focal point of your corporate response when your organization is in the spotlight due to a major disruption.

Prevent the discussion from focusing on BCM as an expense line item that guards against a risk with a low likelihood of occurring in an already-stressed budget. A well-conducted business impact analysis (BIA) can help, because it quantifies the likely financial, regulatory, statutory and even reputational impacts of a realized risk, thus presenting the benefits of investing in BCM.

Be sure to engage the appropriate level of executive managers from both business and IT to help clarify the strategic impact of business continuity risks. Define clear BCM roles and responsibilities within your enterprise risk management program, and visibly support assigned owners and champions.

Benefits
Organizations of all sizes make significant investments in developing and maintaining corporate reputation and brand value. An effective BCM program helps protect that investment. By elevating BCM concerns to the enterprise risk management level, your organization can better evaluate risks based on their strategic business impact. In addition, this approach provides evidence to demonstrate that the board of directors and executive management team are proactively managing risk in a prudent and responsible manner.
Case study: European agency realizes business impact of improved BCM
When a patent and trademark agency in Europe moved to an electronic application process, disaster recovery became a primary need because the IT department had never established proper, thorough disaster recovery procedures. IBM helped the agency carry out an analysis and planning project consisting of six in-depth phases:

1. Disaster recovery capability review
2. Business impact analysis
3. Risk assessment

Figure 4. Integrating business continuity with enterprise risk has many benefits.
4. Business continuity and disaster recovery policy
5. Disaster recovery solution alternatives and sizing
6. Final recommendations and roadmap

For the first three phases, IBM helped the agency define its existing disaster recovery capabilities, measure them against realistic disaster scenarios and, ultimately, determine the net impact such disasters could have on the agency. This led to the establishment of an official business continuity and disaster recovery policy (phase 4). In the final two phases, IBM helped the organization better understand its business continuity risks and define an actionable plan to address BCM requirements.

As a result of its collaboration with IBM, the agency’s management can more clearly see the positive business impact of enhancing disaster recovery capabilities.

4. Perform a holistic analysis by looking across boundaries

The challenges

A properly implemented BIA provides the foundation of a business continuity program, but for many organizations the BIA is one of the weakest links in their BCM plan. Typical reasons for this include:

- Having BIAs led by IT rather than by the business community
- Lacking a governance process to help keep the BIA current
- Overlooking BCM as a designated approver in the change management process to help keep the BIA current
- Having inconsistency among BIAs across different areas of the organization.

For many organizations, the BIA is one of the weakest links in their BCM plan.

Another common deficiency is that when BIAs are performed by IT, there can be a tendency to “force fit” business requirements into existing technology recovery capabilities rather than letting true business requirements drive the IT recovery. This can result in misalignments between business and technology goals. Many organizations are unaware that their BIAs are missing important pieces of information, such as not accounting for internal dependencies between lines of business or external business partners, or not adequately distinguishing between business continuity requirements and IT availability needs, which exposes them to increased risk.

Practical application

Implementing a truly holistic BIA requires that you complement the traditional approach of viewing business continuity by location and vertical line of business with a horizontal process or function view that aligns with how business transactions flow within the enterprise. This provides the foundation to perform a company-wide BIA that looks at strategic business impacts and prioritizes business functions.

Benefits

The addition of a horizontal process or function view allows you to more clearly see the interdependencies that exist across your business units and among your locations. It can also make it easier to link business continuity to your business strategy by creating a more holistic, top-down view that incorporates virtually all lines of business and locations. (See Figure 5.) Creating a holistic view that includes a horizontal process perspective also helps you avoid overlooking critical interdependencies and can prevent gaps and misalignments when processes cross organizational silos.
Case study: IBM analysis helps multinational European company reduce business continuity risk

A leading European provider of financial leasing services discovered during an internal audit that recovery of business-critical processes in the event of a major IT incident could take nearly four weeks. IBM performed a company-wide, holistic analysis, including a robust BIA, which allowed the company to better prioritize its critical business functions and its decision to provide business continuity protection.

The IBM solution standardized the business continuity plan across all of the company’s different entities throughout Europe and allowed it to establish priorities in determining the sequence for the recovery of business functionalities. In addition, by implementing the business continuity plan, the company was able to meet requirements set forth in the Basel II Accord.

5. Identify the most critical processes for driving business strategy

The holistic organization-wide analysis provides insight into critical business processes and their end-to-end interdependencies. The next step is to prioritize these with your strategic business imperatives. Identify the most critical processes from among all your important processes to focus effort and resources for greatest impact. This approach results in a rationalized investment at the aggregate program level and avoids under-funding the most critical business services because resources are spread too thin. Determining which processes deserve the most attention can be a particularly challenging aspect of business continuity, because the various lines of business will have conflicting opinions based on their own needs and viewpoints.

Figure 5. The horizontal process-based assessment helps identify interdependencies.

It is critical to break down silos and look across organizational and location boundaries to identify interdependencies.
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**Practical application**

Prioritizing your business processes in terms of their potential for the greatest overall impact is a key element in effectively creating and validating a manageable end-to-end BCM program and focusing your efforts for greatest return. Perform this as a top-down exercise. When performed at the executive level, it helps identify those processes that are most critical in supporting your business strategy.

The most senior-level executives and managers from all lines of business must be involved in prioritizing processes. Make sure you define guiding principles and resilience tiers to help guide prioritization. Starting with the holistic inventory of processes and functions described above, develop a strategy to address key initiatives. When properly guided, decision makers almost always come up with a manageable, final list that represents the top five-to-10 percent of all of your business processes.

**Benefits**

Prioritizing your processes provides a clearer view of the most critical risks to your business and strategy, and allows you to make investment tradeoff decisions that are fact based. This also allows you to focus resources on improving areas with the potential for the highest impact.

**Case Study: IBM**

Creating a holistic view by looking across organizational and location boundaries to identify the most critical processes in terms of BCM priority for driving business strategy provided IBM with:

- A clearer picture of end-to-end interdependencies and a mechanism for rising above conflicting agendas and traditional silos
- A more balanced view of business continuity risks
- Fact-based input for executive risk management decisions
- A means for prioritizing time and resources to those business areas with the highest potential impact on our clients and on our ability to achieve strategic business objectives
- Pragmatic return-on-investment tradeoff decisions for planning, testing and risk-mitigation implementation
- The ability to focus on the “right few” versus the many based on selective differentiation for competitive advantage

6. **Apply a common, integrated and organization-wide BCM approach**

**The challenges**

The rapid pace of change in today’s business environment makes it difficult to keep your BCM programs up to date. Consistently implementing BCM programs across your organization and keeping them current with changing business strategies is a constant challenge. Unless you have a system for including regular BCM reviews and updates across the enterprise, you will have difficulty keeping your business continuity plan integrated with your business strategy, leading to your program becoming stagnant and out of date.

Many organizations fail to establish a single, organization-wide BCM approach. Instead, individual entities implement their own business continuity plans they have defined independently using a fragmented and often inconsistent approach with little or no cross-organization oversight. This makes it difficult to establish a consistent set of top BCM priorities with associated efficiencies normally achieved through an integrated management approach. In the absence of an integrated BCM approach, the primary focus becomes a scenario-specific approach to address unique types of events (such as a hurricane, a flood or a snowstorm) that are likely to occur in discrete locations. This results in a myopic view that is event driven rather than process impact driven.

**Practical application**

Creating and implementing a single BCM approach for your entire organization establishes and sustains consistency in business continuity planning. Such an approach should clearly communicate top BCM priorities and should provide tools, templates, centralized repositories, common terminologies and definitions, and testing scenarios and guidelines. It should also
define broad categories of impact scenarios covering the widest possible range of events so that it can be workable for all of your business units and locations, even if they have unique priorities and risks. The directive to create and implement your BCM approach needs to be driven by your executives (who retain corresponding accountability and authority), with owners assigned for each BCM plan component. These owners, as well as all employees, need to be educated about the approach and their role in promoting it, and they must be trained to use it to plan for impacts rather than events. Additionally, it is critical that the suppliers throughout your supply chain adhere to the same BCM approach.

Benefits
An organization-wide BCM approach helps address top-priority business risks across the enterprise and provides a platform for ongoing management and validation. It also helps validate and create more robust end-to-end business continuity plans within a manageable, appropriate scope and creates consistency throughout the organization and among suppliers. A consistent, integrated BCM approach that is implemented organization wide is more efficient, helps decrease overhead, provides a common, consistent language and terminology, and enables end-to-end planning and testing across silos (if impact-based planning is implemented).

Case Study: IBM
IBM established a set of standard, consistent scenarios to create a common worldwide approach and terminology across the corporation. This enabled us to provide a consolidated response to common impact scenarios in order to speed planning and risk mitigation selection. The four scenarios covered site, people, IT and widespread events. Previously, individual business units had defined scenarios independently. In addition, we updated our internal framework for BCM, which we defined through corporate policy, to establish guiding principles for the business continuity organization, including roles and responsibilities, maintenance and test guidelines, and education.

7. Establish a centralized governance structure across business and IT

The challenges
An effective governance structure aligns BCM with your business strategy but, too often, governance structures do not adequately integrate the various components of a business continuity program due to inadequately defined policies, roles, responsibilities, processes and oversight. It is not uncommon to see well-defined governance models and structures that are ignored.

Practical application
In order to implement an effective, ongoing centralized governance structure, you must make it part of your organization’s operational design or strategy and continue to tie BCM to strategy through continuous integration with enterprise risk management. (See Figure 6.) In addition, you need to:

- Develop corporate policies and guidance for BCM
- Validate that plan interdependencies are known and understood across the enterprise
- Provide regular program updates to BCM line of business executive sponsors, enterprise executive sponsor, senior executive team and board of directors
- Regularly communicate about BCM on an organization-wide basis to increase stakeholder buy-in and integrate BCM into the corporate culture
- Establish metrics to measure BCM program progress, effectiveness and continuous improvements (such as percentage of business processes by criticality tier or class, number of plans developed or updated, number of exercises, percentage of objectives attained, number of action items and ratio of items that are open or closed, and number or percent of staff that has received training).
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Benefits
A well-established governance structure helps you identify, manage and control critical BCM risks. It measures progress and helps confirm that BCM stays aligned with and supports your business strategy. It also provides the visibility and oversight required to help maintain your BCM program and to better manage compliance.

**Case study: IBM resilience strategy enables U.S. insurance company to keep its BCM plans current**
A U.S. insurance company realized that the absence of an effective governance structure to support its business continuity capabilities meant that it would quickly become out of date, putting the company at risk. IBM conducted a resilience strategy, which led to the creation of a Business Resilience Office consisting of representatives from all lines of business and the IT organization. The Office provided a governance model, including guidance on BCM structure, roles, responsibilities, ownership and accountability; guidance on metrics (data collection and reporting); attestation; and compliance. A continuous improvement program has been in place for the past six years enabling the organization to advance the maturity of their BCM.

The company’s new business continuity plan significantly reduces potential disruptions to critical business operations in the event of a disaster. It also helps reduce the economic and service-related impacts of an outage.

*Figure 6. The components of an effective governance structure should align BCM with your business strategy.*
Conclusion

Evolving your business continuity program is no small feat, but the consequences of having an inadequate program can be devastating to your business operations and to your organization’s reputation. In a fast-changing world, risks—both man-made and natural—are continually proliferating. A continuous focus on executive sponsorship, integrated governance and strategic alignment are critical keys to ongoing success. A tested approach, like the seven essential practices that we have described in this paper, can help guide you as you seek to improve your BCM program and align it with your organization’s business strategy.

A continuous focus on executive sponsorship, integrated governance and strategic alignment are critical keys to ongoing success.

Why IBM?

IBM Resiliency Consulting Services offers solutions designed to identify what you need for a successful BCM program that addresses both risks and opportunities. Our goal is to keep your critical business processes running with virtually no interruption by helping you avoid and mitigate potential risks. Using IBM’s tested methodologies, our consultants help you build the case for making changes to your BCM program, create the roadmap and supporting plans you need and cost effectively implement the solutions that best meet your business needs. (See Figure 7.)

IBM can help you design a resilient architecture and define business-driven plans and procedures to apply in the event of a disaster or other type of business outage, enabling you to facilitate a quicker recovery. As part of this process, we can also help you better manage your compliance needs.

IBM Resiliency Consulting Services can help: Build the case for change

Figure 7. IBM Resiliency Consulting Services can assist you in applying each of the seven essential practices.
IBM can also validate the effectiveness of your plans, identify gaps and weaknesses through testing, and help you successfully complete regularly scheduled disaster recovery tests. Our solutions facilitate implementation and management of a more robust resilience program that integrates disaster recovery, business continuity and crisis management for end-to-end resilience management.

**For more information**

To learn more about the IBM Business Continuity and Resiliency Services, please contact your IBM representative or IBM Business Partner, or visit the following website: [ibm.com/services/continuity](http://ibm.com/services/continuity)

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1 IBM Corporation, “The economics of IT risk and reputation: What business continuity and IT security really mean to your organization,” September 2013.

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