

- ▶ 56% said supplier capacity did not meet customer demand.
- ▶ 49% suffered raw materials price increases or shortages.
- ▶ 45% experienced unexpected changes in customer demand.
- ▶ 39% experienced shipment delays/damage/misdirects.
- ▶ 35% suffered fuel price increase/shortage.

Another survey conducted by Genesys/Ovum/Datamonitor<sup>17</sup> found that 25% of customers changed utility vendors for poor customer service, costing each industry £2 billion.

**The role is for a new breed of corporate protection professional or group risk manager who draws together all the issues which can threaten the viability of an enterprise, and who is empowered to protect it.**

### 1.6.4 Holistic Approach

While the take-up and application of a more holistic approach has been patchy, some organizations have developed a new role beyond that of the traditional BCM, operational risk manager, or crisis manager. The role is for a new breed of corporate protection professional or group risk manager who draws together all the issues which can threaten the viability of an enterprise, and who is empowered to protect it. These issues include:

- ▶ BC and DR.
- ▶ Operational risk management.
- ▶ Insurance aspects.
- ▶ Security compliance and breaches including information, telecommunications, and e-commerce security.
- ▶ Regulatory compliance.
- ▶ Business, trading, and financial risk management.
- ▶ Asset protection.
- ▶ Project development and production risk management.
- ▶ Supply chain risk management.
- ▶ Quality tracking, defect management, maintenance, and product recall.
- ▶ Problem management and escalation from help desks.
- ▶ Customer complaint issues.
- ▶ Health and safety.
- ▶ Environmental risk and safety management.
- ▶ Marketing protection including image and reputation management.
- ▶ Crisis management including:

- Branch attacks.
- Hostage and kidnap.
- Product recall.
- Fraud issues.

While all these functions are not necessarily integrated, they are becoming fully coordinated. They do not necessarily report to the group risk manager (since they comprise many specialist skills and may have a more natural operational reporting line), but the group risk manager does provide a focus point where all aspects of risk are considered holistically.

At the same time that this role is entrenching its position, the edges are being blurred among traditional business continuity and operational resilience and risk management (what some used to call operational risk management). The Open Group<sup>18</sup> hosted a conference in Washington, DC, in 2001, with the theme of the conference not *continuity*, but *dependability*. If there is enough resilience in everyday operations, it will withstand disaster involving the loss of a single facility.

## 1.6.5 Operational and Business Resilience

The goalposts have moved now towards operational and business resilience. This is not a new concept (it has been applied to high-availability IT systems for decades), but what is new is the expansion of its scope. IBM expresses its concept of business resilience<sup>19</sup> as:

“The ability of an organization’s business operations to rapidly adapt and respond to internal or external dynamic changes – opportunities, demands, disruptions or threats – and continue operations with limited impact to the business.”

Ultimately, what your organization wants is not to experience a crisis and to continue after it, but not to experience a crisis, period.

A *pyramid of maturity* for BCM can now be identified. Most enterprises (maybe in slightly different order, but typically) find themselves at one of the levels on the diagram shown below. Over some 30 years, we have seen – and are still seeing – organizations at every level of BC maturity, including many who are even now starting at the bottom of the scale.

Where does your organization fit?

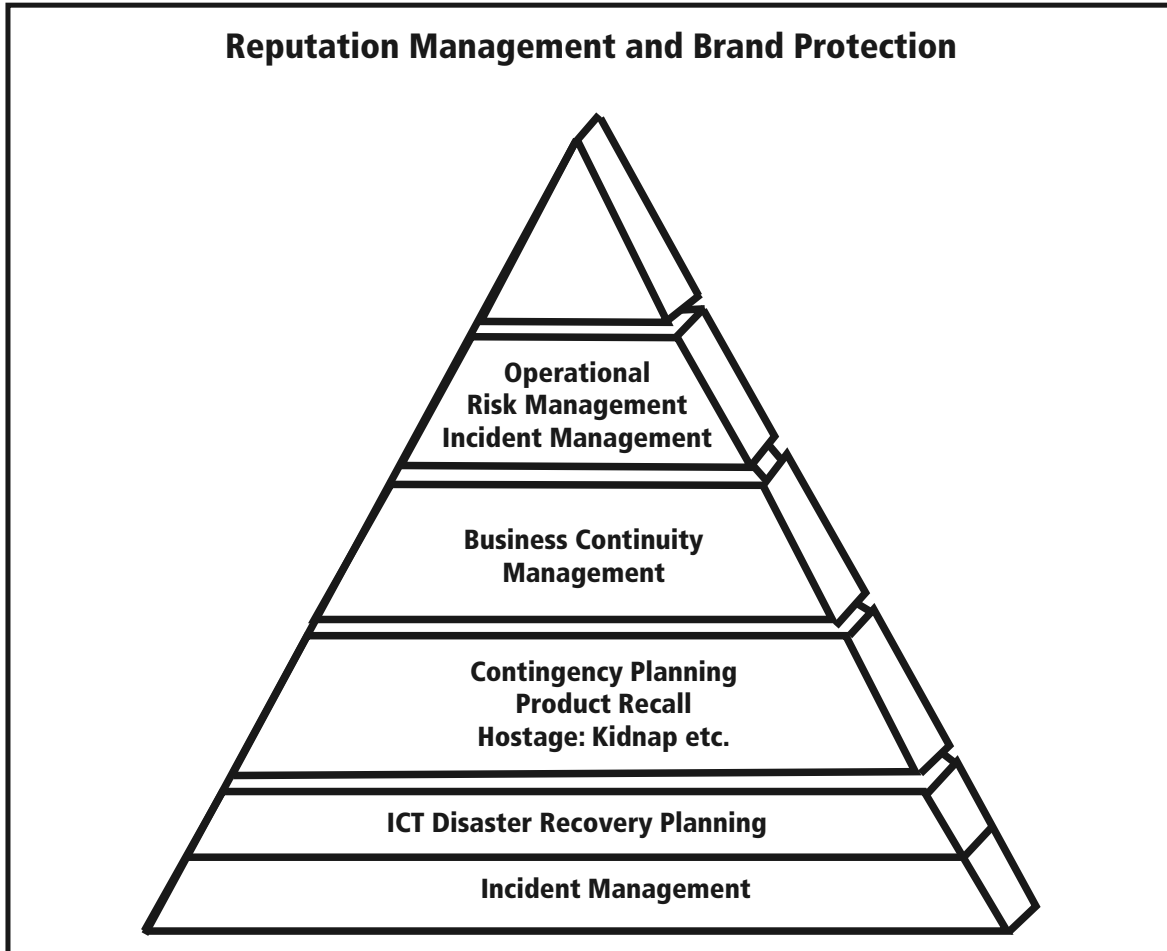


Figure 1-1. BC Maturity Pyramid

## 1.7 Professional Institutes

The two main professional institutes for BCM are DRII<sup>20</sup> and the BCI.<sup>21</sup> The BCI is significantly larger, with some 8,500 members in over 100 countries. DRII also has an international membership.

Both these bodies agreed upon a common body of knowledge which incorporated the following professional practices:

### 1. Program Initiation and Management

Establish the need for a business continuity management (BCM) program, including resilience strategies, recovery objectives, business continuity, operational risk management considerations, and crisis management plans. The prerequisites within this effort include obtaining management support and organizing and managing the formulation of the functions or processes required to construct the BCM framework.

### 2. Risk Evaluation and Control

Determine the risks (events or surroundings) that can adversely affect the organization and its resources – example(s) include: people, facilities, technologies – due to business interruption; the potential loss such events can cause; and the controls needed to avoid or mitigate the effects of those risks. As an outcome of the above, a cost benefit analysis will be required to justify the investment in controls.