

Emergency Preparedness and Business Continuity Conference

Session A5 - Business Impact Analysis: A Foundation for Strategic Value

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Involvement, Ideas and Innovation

Any Scenario



Source: Internet (N.D.)

Some Consequences

Hit to
Reputation and
Brand

Theft, Fraud,
Data Breach

Significant
Costs or
Liabilities

Critical Service
Disruptions and
Loss

Loss of
Employee
Productivity



Source: Internet (N.D.)

Does your organization need a business continuity plan (BCP)?

- If you cannot answer this question, then asking anything about a business impact analysis (BIA) is a waste of time
- However, even before the need for a BCP you should ask yourself what is our strategy for organizational resilience and continuity



Overview of Session

- What is a BIA?
- Why is a BIA valuable?
- BIA Lessons Listed or Learned
- How can a BIA be completed?
- How should a BIA be used?
- Summary



What is a BIA?

- The goal of a traditional BIA is sound in theory:
 - to **understand the organizations' processes** relative to the losses that would result from their interruption ...
 - to **differentiate between critical** (urgent) and non-critical (non-urgent) organization functions or activities
 - and then **convince management to fund** the most cost- and operationally-effective solutions (processes and architecture) to recover those services in the aftermath of an event

What is a BIA?

- However, in practice, the BIA process repeatedly fails to produce the desired results, and too often complicates the recovery planning process given:
 - losses are not linear
 - probability is not predictable
 - impacts are additive
 - the wrong solution curves exist
 - the organization will make up the difference
 - it is too often a static report

What is a BIA?

- Modern interpretation:
 - “a **flexible** process that can be used by organizations, large or small, in any industry ...
 - the BIA process analyzes the consequences of a disruptive incident on the organization ...
 - the outcome is a statement of **justification** of business continuity requirements” (Source: ISO 22317)

What is a BIA ... or can it be!

- Strategic opportunity:
 - risk management
 - awareness and shared awareness
 - change catalyst
 - business improvement tool
 - investment in people
 - culture builder
 - mission magnifying lens

Why is a BIA valuable?

- BCMS including BCPs with a BIA is seen by some as an ROI and to others an unnecessary cost and effort
- Fact:
 - Executive who understand the requirements of their organization balance the risk ...
 - the cost of prevention, mitigation, response and recovery ... versus
 - the cost of failure and organizational impacts that cannot be recovered from

Why is a BIA valuable?

- The BIA is a fundamental part in developing an organizations business continuity and disaster recovery plans ...
- ... and it is essential to the establishment of the Business Continuity Management System (BCMS)
- The BIA contributes to the continuity requirements relative to normal dependencies for the recovery of those functions

Lessons Learned

- Ensure the understanding by all that a BIA is part of the activities within a BCMS, not an outcome
- Position the BIA with the Executive Champions before you start
- Build awareness and understanding of the right-sized BIA process and tools
- Build the right business impact criteria for the organization

Lessons Learned

- Leverage existing knowledge and information on key business processes and normal dependencies, specifically from IT
- Ensure communication of why the priorities resulting from a BIA are all about the organization services/products and the resilience of same
- Gain the validation and approval of BIA results with the Executive Champions

How can a BIA be completed?

- Which approach is in the best interests of the business:
 - ignore it and do not use accurate information for planning
 - use a simple thumb nail approach to focus efforts
 - **use a standardized approach for key business functions**



How can a BIA be completed?

- Identification of key Business Functions
- Determining the Business Function dependencies
- Assess the impact of loss or disruption of the business process using the Business Impact Matrix
- Establish Business Recovery Time Objectives
- Evaluate those objectives against organizational realities
- Move onto to developing Recovery Strategies

How can a BIA be completed?

- Should be a repeatable process to update during periods of environmental, organizational and technological change
- Use a standardized set of criteria
- Use automated tools to simple tools
- Migrate the findings directly into Business Function Recovery Plans

Business Impact Matrix

G. Business Impact Criteria Matrix

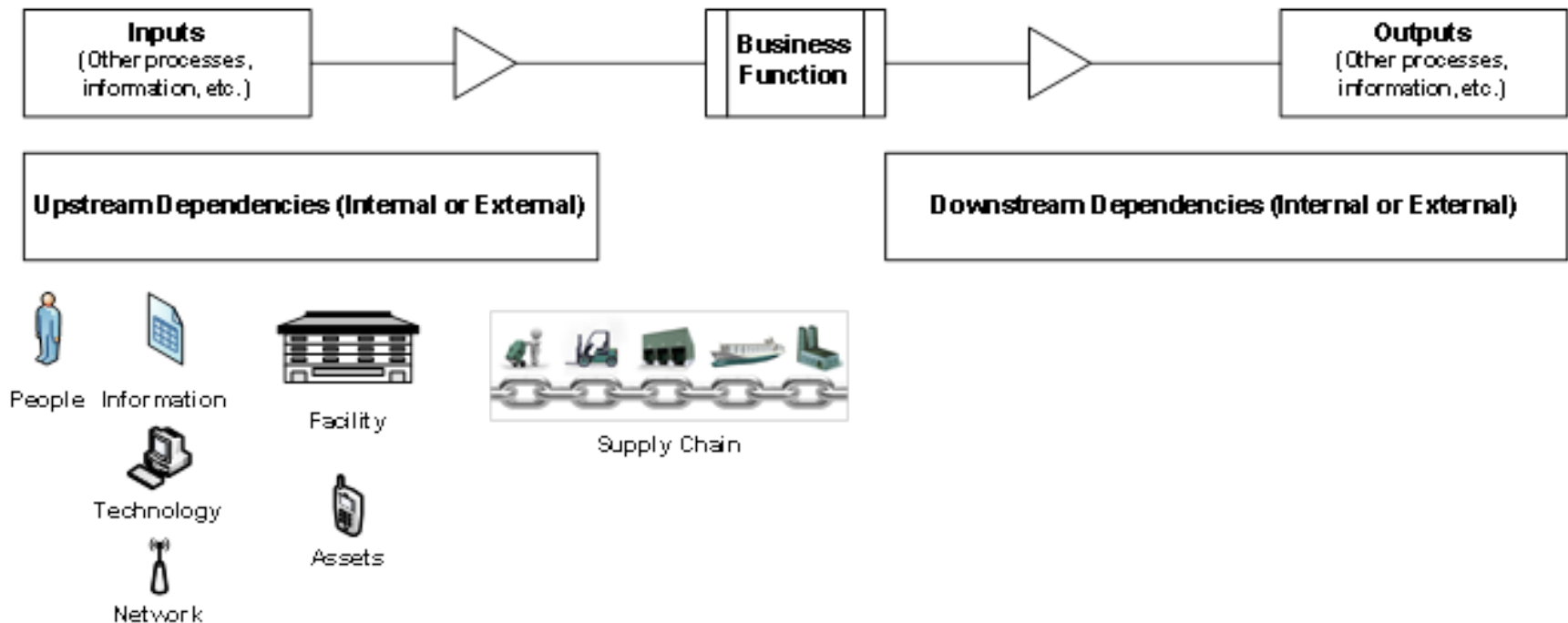
Key Question: "What are the Business Impact Areas resulting from loss or disruption of a business function?"

Instructions: There is no weighting to the business impact areas. 1. Print-out as you will need to refer to this worksheet to complete worksheet H1 and H2. 2. This Business Impact Criteria Matrix should be used to determine the level of impact (1, 2, 3 or 4) based on loss or disruption of the business function.

Business Impact Areas	Business Impact Level			
	1 Minor	2 Moderate	3 Major	4 Significant
Financial Resources	Minor financial impact, may require adjustment of spending priorities (<\$1 million)	Moderate financial impact, may require remedial spending actions (\$1M- <\$2M)	Major financial impact, may require Division or Department spending decisions (\$2M - \$4M)	Significant financial impact, may require Corporate spending decisions (>\$4 million)
Regulatory Commitment	Investigation by regulatory agencies, public officials; no threat of regulatory action	Investigation by regulatory agencies, public officials; possible threat of regulatory action	Active investigation by regulatory agencies, public officials; pending regulatory action	Active investigation by regulatory agencies, public officials; significant regulatory action
Contractual or Service Commitment (Internal or External)	Single instance of failure to meet key performance indicator (KPI), recoverable in the same day; customer/employee relationship questioned as a result of impact	Failure to meet KPI over 1 month period; no penalty associated, but trust damaged; Negatively impacted customer/employee relationship but able to be resolved within 2 days	Failure to meet KPI for 3-month period resulting in financial penalty; Negatively impacted customer/employee relationship but able to be resolved within 10 days	Multiple failures to meet KPI; financial penalties are significant; Negatively impacted customer/employee relationship not able to be resolved within 10 days
Public Image or Reputation	No or low media coverage; Local or Corporate reputation not impacted	Local and possible regional media interest; Local or Corporate reputation at risk	Regional and national media interest; Local reputation impacted	National and international media interest; Corporate reputation impacted
Health, Safety and Environment	Employee and or customer health or safety not at risk; Environment not at risk	Employee and or customer health or safety at risk; Environment at risk	Employee and or customer injury possible; Localized major environment consequence	Employee and or customer fatality possible; Extended significant environmental consequence

Source: iStrategic, 2012

Use a Logic Model Approach



Source: iStrategic, 2012

Simple Critical Ranking

	C	D	E	F	G	H
	Section or Business Unit	Business Function	RTO (Hours)	Criticality Ranking	% Level of Recovery	Maximum Tolerable Period of Downtime (Hours)
1						
11			4	Critical I	50	Up to 1 day
18			12	Critical I	50	Up to 1 day
21			12	Critical I	50	Up to 1 day
22			24	Critical II	50	Up to 3 days
23			24	Critical II	50	Up to 3 days
25			24	Critical II	50	Up to 3 days
26			24	Critical II	50	Up to 3 days
27			48	Critical II	50	Up to 3 days
28			48	Critical II	50	Up to 3 days
29			48	Critical II	50	Up to 3 days
31			48	Critical II	50	Up to 3 days
32			48	Critical II	50	Up to 3 days
33			48	Critical II	50	Up to 3 days
34			48	Critical II	50	Up to 3 days
35			48	Critical II	50	Up to 3 days
36			48	Critical II	50	Up to 3 days
37			48	Critical II	50	Up to 3 days
38			72	Essential	50	Up to 10 days
39			72	Essential	50	Up to 10 days

Source: iStrategic, 2012

Detailed Critical Ranking

Criticality of Function	BCP Plan #	Function	Level 1 RT0	Minimum Emergency Staffing %	Level 1 Recovery Service Level (<24 hours)	Level 2 RT0	Minimum Emergency Staffing %	Level 2 Recovery Service Level (24-168 hours)	Level 3 RT0	Minimum Emergency Staffing %	Level 3 Recovery Service Level (168 to and >336 hours)
Critical (I)	013	Emergency Calls	<1	100	Conduct business seamlessly	<4	100	Conduct business seamlessly	4	25	Transfer by Telus to 911
	016	Incoming Calls	<1	50	75%	<4	50	50%	336	85	85%
	017		<1	50	75%	<4	50	75%	336	85	85%
Critical (II)	014		<4	50	75%	24	50	75%	240	50	85%
	003		<4	50	50%	24	50	75%	168	90	100%
	011		24	50	50%	24	50	50%	336	75	75%
Essential	001		24	50	50%	72	50	50%	240	30	95%
	019		24	50	50%	72	75	50%	336	100	95%
	005		24	50	50%	72	50	50%	336	85	95%
	002		24	75	50%	72	50	50%	336	50	50%
	013		24	50	50%	96	50	50%	336	70	70%
	020		24	50	50%	96	50	50%	336	75	75%
	008		24	50	50%	96	50	50%	336	75	95%
	025		24	50	50%	168	50	95%	336	90	95%
Important	004		24	50	50%	168	50	50%	336	90	95%
	021		24	0	Suspend activities	168	50	50%	168	75	95%
	009		24	0	Suspend activities	168	0	Suspend activities	336	75	95%
	023		24	0	Suspend activities	168	0	Suspend activities	336	75	95%

Source: iStrategic, 2009

How should a BIA be used?

- By understanding the true needs of the organization and how people, facilities, IT, assets and supply chain components interact at the logical level ... the BIA can inform cost-effective recovery strategies and the overall management of these events
- Have a *game plan before the game*:
 - the priorities and mission-critical business functions can guide decision-making for recovery prior to and during the event (i.e., emergency, crisis, disaster)

Foundational Tools

- For BCPs
- For the BCMS
- For Enterprise Strategy
- For Organizational Resilience

BCM is operational, it is a process (something you do).
It can be easily standardized.

Resilience is strategic, it is cultural (something you are).
It is difficult to standardize.

Source: Amy Stephenson, PhD, Organizational Resilience, University of Canterbury

My Trusted Sources for BCMS and BIA

Note: Lessons Learned from Lisa Benini

- ISO 22301 BCMS Requirements Standard
- ISO 22317 BCMS Guidance Standard
- ISO 22313 BCMS BIA Guidance Standard
- Business Continuity Institute BCM Good Practice Guidelines
- DRII Professional Practices
- School of Hard Knocks!

Source: Internet (N.D.)



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***“We provide trusted advisory services to our clients
enabling their organizational resilience”***

ISO 223 Lead Implementer and Lead Auditor