

Planning for the worst

The 2012 Business Continuity Management Survey



March 2012

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In association with



Contents

	Page
Foreword	3
Key Findings	4
1 What is Business Continuity Management	5
2 The extent of Business Continuity Management	6
3 Understanding risks and potential disruption	8
4 Responding to common risks	11
5 Developing the business case for Business Continuity Management	13
6 Building resilience	17
7 Recommendations	21
8 Help and advice	23
Appendix A – sector statistics	24
Appendix B – respondent profile 2012	25
Research partners and acknowledgements	26

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Foreword

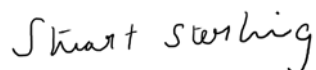
The CMI's annual survey on business continuity provides a valuable barometer of attitudes to business continuity year on year.

In this year's report there are encouraging signs both overall and more specifically in the area of micro and medium sized businesses. It shows, for the second year running, an increase in the number of firms with business continuity arrangements in place. This is most notable within the private sector with a 12 per cent increase on the 2010 results.

The reasons for this are always a cause for speculation: was the winter weather the tipping point or did the summer disruptions on the streets make businesses think "what would I do if that was my business?" Nevertheless, the most compelling finding in this year's survey is that 81 per cent of managers whose organisations activated their business continuity arrangements in the last 12 months say that it was effective in reducing disruption. In summary: business continuity works.

Along with our fellow sponsors this year – the Business Continuity Institute, the British Standards Institution and Aon – we continue to promote business continuity to firms along with the benefits that it clearly brings. This, and the value that business continuity can also have in supporting the national resilience picture, is recognised by the Government in its commitment to support small and medium sized enterprises (SMEs) to improve their business continuity. That is why we have sponsored work on a plain language guide on business continuity specifically aimed at SMEs. Business Continuity for Dummies will provide practical and simple advice showing that business continuity is achievable even for the smallest of firms and that cost is not a prohibitive factor where business continuity is concerned.

As you read through this report you will almost certainly be surprised by the number of things that can cause disruption in your business and the significant number of firms that were affected by these in the last 12 months. If you haven't already considered it, then now is the time to put business continuity into your organisation.



Stuart Sterling
Assistant Director – Corporate Resilience
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Key Findings

- BCM uptake**
- **The business case for BCM** – 81 per cent of managers whose organisations activated their Business Continuity Management (BCM) arrangements in the last 12 months agree that it effectively reduced disruption. The same number agree that the cost of developing BCM is justified by the benefits it brings their organisation.
 - **Adoption of BCM** – adoption of BCM continues to rise cementing a sharp increase in uptake over the past two years. Overall 61 per cent of managers report that their organisation has BCM in place, up from 58 per cent last year and 49 per cent in 2010. Public sector organisations remain more likely to have BCM, with 73 per cent reporting BCM arrangements (consistent with 2011). Reported levels in the private and not-for-profit sectors have both increased, to 52 and 60 per cent respectively.
 - **Drivers of BCM** – corporate governance remains the biggest external driver of BCM, with 42 per cent of managers highlighting it as a catalyst for their organisation implementing or changing BCM. Demand from existing or potential customers makes up the second biggest driver (37 per cent), followed by regulation/legislation (33 per cent).
 - **Reasons for not having BCM** – some organisations are adopting a casual or ad hoc approach to managing disruption. Of those managers whose organisations do not have BCM, 54 per cent say their organisation rarely suffers from disruptive events and 46 per cent deal with disruptions as and when they happen.

- BCM scope**
- **The scope of BCM** – of those who have BCM in place, 83 per cent say their BCM includes strategies for maintaining or recovering business critical services and products in the face of disruption. Eighty-one per cent say that their BCM contains IT backup arrangements.
 - **Supply chain** – one fifth of managers report that their organisation expects their business critical suppliers to have BCM and only 7 per cent expect this of all their suppliers. A quarter of managers say their organisation does not require its suppliers or outsource partners to have BCM.

- Disruptive events of 2011 and 2012**
- **Disruptive events of 2011** – almost four in ten managers report that the BlackBerry outage in 2011 caused their organisation some disruption, while 55 per cent of managers say their organisation was affected by public sector strikes. The riots last summer caused disruption for 26 per cent of managers, with the worst of the disruption felt by managers in central and local government and the emergency services.
 - **Disruptive weather** – 49 per cent of managers report that severe weather conditions caused disruption to their organisation over the last year, making it the leading cause of business disruption for the third year running. Thirty-seven per cent report that they have formalised their arrangements for managing the impact of severe weather as a result of the last two years' heavy snow. Nonetheless, one in ten admits they are still not very well prepared for snow.
 - **Preparing for the 2012 Olympic and Paralympic Games** – a quarter of managers say their organisation will allow staff to work flexible hours and 17 per cent will enable staff to work remotely. Over half of managers report that their organisation does not anticipate any disruption as a result of the Olympic Games. However, this varies greatly depending on region, falling to just 24 per cent of managers in London.

BCM competence and training

- **Managers' understanding of BCM** – 81 per cent of managers say they are fairly or very familiar with their organisation's Business Continuity Plan (BCP), yet 39 per cent admit they would need to look up their role and responsibilities in the event of a disruption.
- **Training for BCM** – of those organisations with BCM, 41 per cent of managers say their organisation provides training to people with specific BCM roles. However, just one fifth say BCM training is provided to all staff at regular intervals.
- **Testing BCM** – 47 per cent of managers whose organisations have BCM report that they have exercised their Business Continuity Plan (BCP) in the last year. However, 17 per cent say their BCP has never been exercised.

1. What is Business Continuity Management?

Managers have a responsibility to ensure the continuation of business operations when an organisation faces potential disruption. Business Continuity Management (BCM) is a framework for identifying potential threats to an organisation and building organisational capability to respond to such threats, in order to safeguard the interests of key stakeholders, reputation, brand and value-adding activities. Organisations use BCM in order to protect their people, assets, reputation and ultimately the bottom line.

The development of BCM has been supported by a British Standard for BCM, BS 25999, which provides a basis for understanding, developing and implementing BCM within an organisation. In the coming year, two new International Standards in business continuity (ISO 22301 and ISO 22313) will further increase the use of international best practice in business continuity. Information on BS 25999, ISO 22301/ISO22313 and other resources can be found at the back of this report.

BCM is not only important to individual organisations. It also forms an essential part of the UK's wider national security arrangements. The potentially significant contribution that small and medium sized enterprises (SMEs), in particular, may make to communities during large-scale disruptions has been increasingly recognised. As such, the Government pledged in the 2010 Strategic Defence and Security Review to support SMEs to improve BCM through a new corporate resilience programme.

The adoption of BCM in certain parts of the economy is actively promoted by Government policy. The Civil Contingencies Act (2004) introduced a requirement for all frontline responders – such as the emergency services – to develop and maintain BCM arrangements. From 2006, the Act also placed a duty on local authorities to promote BCM to business and voluntary organisations in their communities. And in 2008, the Pitt Review on the previous year's flooding called for urgent changes to the way the UK protects itself from flooding, including the use of BCM.

The 2012 survey

CMI first surveyed its members on BCM in 1999 and, since 2001, we have published an annual report on the subject. The fieldwork for this, the thirteenth instalment in the series, was conducted in January 2012 in conjunction with Aon, the Business Continuity Institute (BCI), the British Standards Institution (BSI), and the Civil Contingencies Secretariat in the Cabinet Office.

The sample was selected from CMI's membership, with 25,000 individuals sent a self-completion questionnaire, either by email or by post. A total of 1,021 responses were received (see Appendix B for details of the sample). As in previous years, the sample group represents general managers across UK organisations, rather than those with specific responsibility for BCM, and as such offers insights on how far BCM has permeated into the mainstream of business operations.

The survey is structured such that all respondents may answer general questions about their experiences of disruption over the last 12 months. Only those managers who report that their organisation has BCM are asked more detailed questions on topics such as its scope, its integration into the organisation and its effectiveness.

2. The extent of Business Continuity Management

2.1 Levels of Business Continuity Management

Each year the survey asks managers whether their organisation has a specific Business Continuity Plan (BCP) covering their critical business activities.

Last year's report tentatively concluded that awareness and use of BCM may be growing. This year's data appears to confirm that there is an upward trend in the adoption of BCM, with 61 per cent of managers reporting that their organisation has a BCP in place.

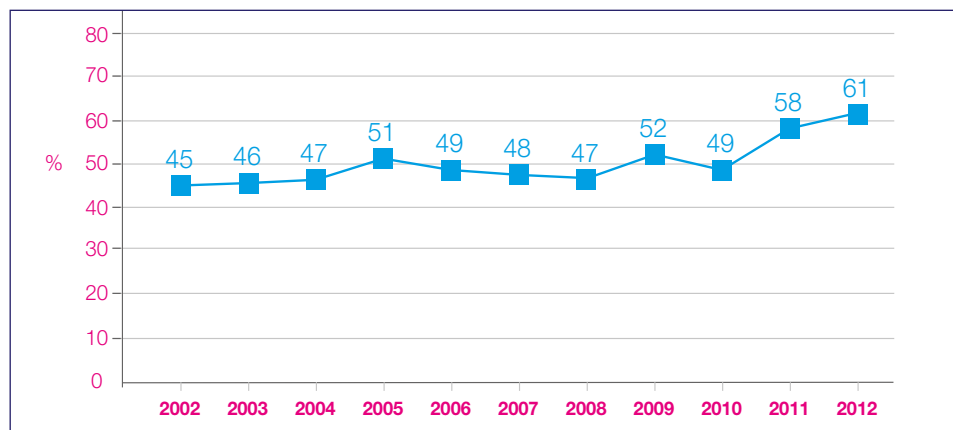


Figure 1 Organisations with a BCP (2002-2012)

2.2 Variations between different types of organisation

As in previous years, substantial differences persist in the uptake of BCM among organisations of different sizes. Three quarters of managers from large organisations report they have a BCP in place compared with just under a third of managers from micro organisations.

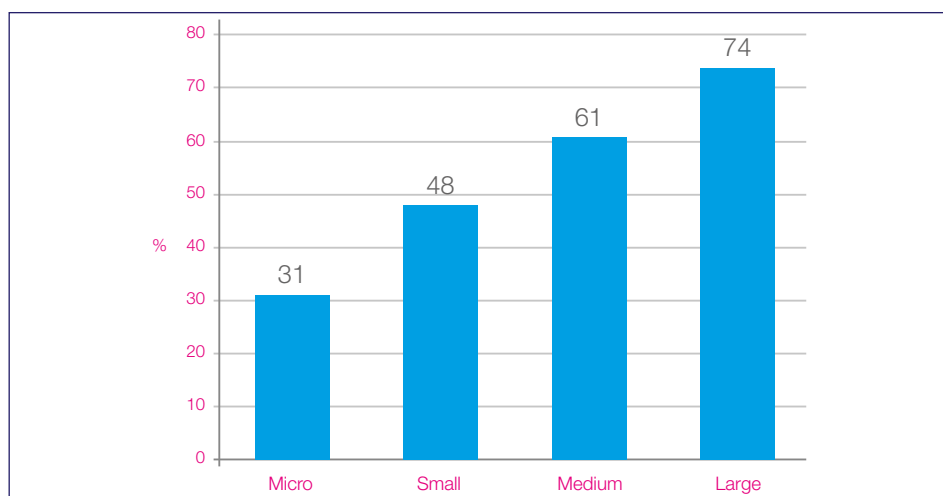


Figure 2 Organisations with a BCP by size¹

There are also apparent differences between sectors. Fifty-two per cent of private sector organisations have BCPs. However, this includes the high percentage of small and medium sized organisations in the private sector where only 41 per cent have a BCP (up from 35 per cent in last year's survey). Among large private sector organisations, the number rises to 70 per cent (68 per cent last year).

Public sector organisations are also more likely to have BCPs (73 per cent). Encouragingly, however, the rise in BCPs in the last year appears to have been led by private and not-for-profit organisations.

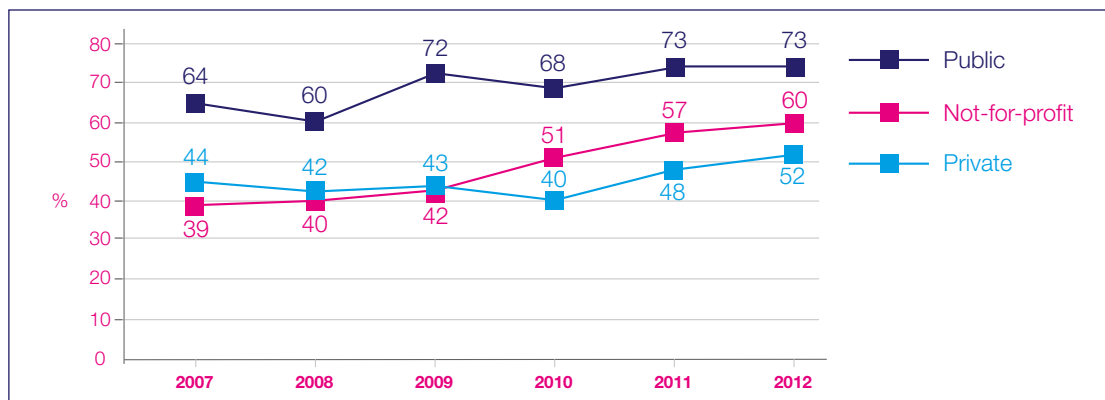


Figure 3 Organisations with a BCP by sector (2007-2012)

There are also extensive differences by industry sector. Top of the list of industry sectors with BCM are local government (92 per cent), police (91 per cent), and telecommunications and post (89 per cent). At the bottom are sales, marketing and advertising (16 per cent), construction (30 per cent) and hospitality, catering and tourism and consultancy (both 31 per cent). A more detailed list with additional industry-specific statistics can be found in Appendix A.

2.3 Changing attitudes to BCM

The survey asks all respondents how important BCM is considered to be by their organisation's senior management team. Eighty per cent of respondents report

1. Based on the following definitions of organisation size: Micro = 1-10 employees
Small = 11-50 employees Medium = 51-250 employees Large = over 250 employees

that BCM is regarded as ‘quite important’ or ‘very important’ with 13 per cent saying it is ‘not very important’ and only three per cent claiming it is ‘not very important at all’. With only 61 per cent actually adopting BCM, there remains a substantial gap between those describing BCM as important and its actual implementation, despite the increase in recent years.

2.4 How long have organisations had a BCP?

Eighteen per cent of managers report that their organisation has had a documented BCP for less than two years, suggesting BCM is a relatively new management practice for some.

Time organisations have had a BCP	%
Less than a year	4
1-2 years	14
3-4 years	22
5-10 years	27
More than 10 years	20
Don't know	11

Table 1 The length of time organisations have had a documented BCP

3. Understanding risks and potential disruption

3.1 Incidents in the last 12 months

BCM is intended to help organisations deal with disruption arising from any number of sources, the majority of which never make the headlines. However, the CMI survey has periodically examined the impact of a small number of high-profile incidents affecting UK organisations, from the Buncefield explosion in 2005 to the floods of 2007 and the heavy snow of recent years. Results from this year’s survey are shown in Figure 4.

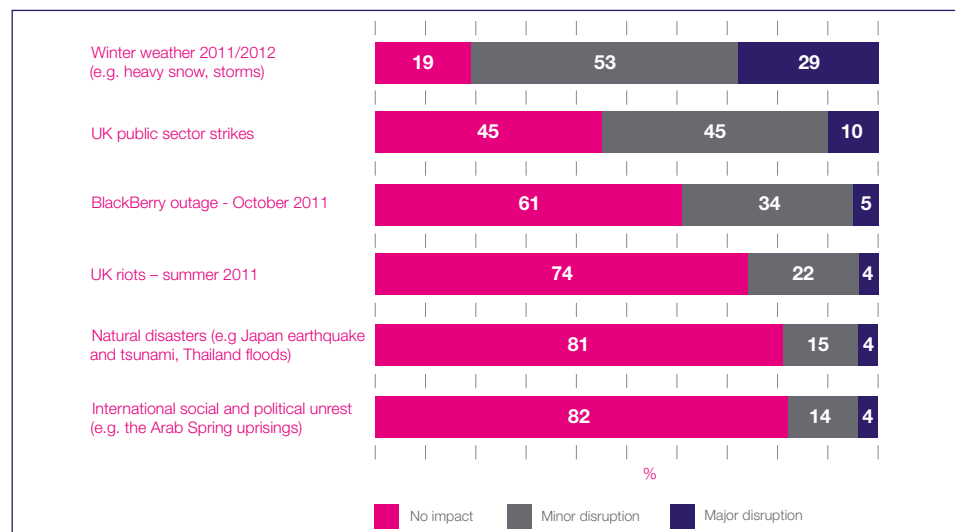


Figure 4 Major incidents over the last 12 months

In keeping with the previous two years' results, winter weather caused most disruption. Eighty-two per cent of managers report some disruption, with almost a third being severely affected. (This survey was carried out before the snow that fell across the UK in late January and early February 2012).

The importance of smartphones and mobile technology to modern work patterns is highlighted by the finding that nearly four in 10 respondents report that their organisation was disrupted by the BlackBerry outage in October 2011 (albeit that only 5 per cent endured major disruption).

The public sector strikes during 2011 affected over half of managers surveyed. Unsurprisingly, those affected were predominantly from the public sector with 82 per cent reporting minor or major disruption compared with 62 per cent in the not-for-profit sector and 35 per cent in the private sector.

The number affected by the 2011 summer riots is higher in regions where the riots occurred. Fifty-four per cent of managers from London were affected, 36 per cent in the West Midlands and 31 per cent in the North West.

The impact of overseas natural disasters such as the Japanese earthquake and tsunami was predominantly felt by private sector organisations (25 per cent), with the figure falling to 14 per cent in the public sector and eight per cent in the not-for-profit sector. Similarly not-for-profit organisations were least affected by international social and political unrest, with 13 per cent experiencing disruption compared with 19 per cent in both the private and public sectors.

3.2 Threats and disruptions

In addition to examining specific incidents, the research has tracked the levels of disruption caused by a wide range of potential threats since the series began. Extreme weather overtook the loss of IT as the most commonly experienced source of disruption in 2010 and has continued to occupy the top position since then. Nevertheless, loss of IT remains the second most common cause of disruption, followed by loss of people.

Industrial action has gone up noticeably this year, becoming a cause of disruption for 22 per cent of managers compared with 6 per cent last year. Roughly half of those affected by industrial action were also affected by school/childcare closures, which rose from 17 to 22 per cent.

Transport disruption has dropped back to 20 per cent, following a rise in last year's survey to 30 per cent in the wake of the volcanic eruption in Iceland.

Disruptions experienced in the previous year						
Threats	2007	2008	2009	2010	2011	2012
	%	%	%	%	%	%
Extreme weather e.g. flood/high winds	28	29	25	58	64	49
Loss of IT	39	43	40	35	34	39
Loss of people	32	35	24	28	34	34
Loss of telecommunications	25	30	23	20	20	24
Industrial action	7	7	7	4	6	22
School/childcare closures	-	-	-	18	17	22
Transport disruption	-	-	-	22	30	20
Loss of access to site	13	16	13	22	26	20
Loss of key skills	20	21	14	15	18	19
Employee health & safety incident	17	17	16	14	15	16
Supply chain disruption	13	12	9	13	19	15
Loss of electricity/gas	-	-	-	15	16	14
Negative publicity/coverage	19	18	14	9	11	13
Damage to corporate image/reputation/brand	11	10	11	22	10	10
Loss of water/sewerage	-	-	-	6	9	8
Pressure group protest	7	6	7	6	6	8
Customer health/product safety incident	6	7	4	6	7	7
Environmental incident	6	7	7	5	7	6
Fire	6	5	5	4	4	6
Malicious cyber attack	-	-	-	-	4	6
Terrorist damage	3	3	2	1	2	2

Base: 1021 respondents (2012)

Table 2 Disruptions experienced by organisations (2007-2012)

3.3 Managers' perceptions of threats

When asked which disruptions would have a major impact on the costs and revenues of their organisation, managers have consistently highlighted loss of IT as their top concern, as shown in Table 3. Loss of telecommunications and loss of access to site are also major concerns.

Despite the rise in the incidence of industrial action and school closures this year, they are still perceived to be a threat by relatively few managers, at just 32 and 21 per cent respectively.

	2007	2008	2009	2010	2011	2012
	%	%	%	%	%	%
Loss of IT	73	73	71	69	67	72
Loss of telecommunications	63	68	59	62	55	61
Loss of access to site	60	63	55	56	56	58
Loss of skills	59	62	52	55	53	58
Damage to corporate image/brand/reputation	49	55	52	51	51	55
Fire	53	58	48	55	51	55
Loss of people	57	59	54	52	51	54
Loss of electricity/gas	-	-	-	54	51	52
Extreme weather e.g. flood/high winds	43	46	44	48	45	47
Terrorist damage	46	53	42	46	43	47
Malicious cyber attack	-	-	-	-	42	45
Negative publicity/coverage	43	51	41	41	42	44
Loss of water/sewage	-	-	-	41	36	39
Transport disruption	-	-	-	37	35	36
Employee health and safety incident	38	44	40	38	34	35
Supply chain disruption	34	37	31	36	34	34
Industrial action	29	26	24	29	27	32
Customer health/product safety incident	31	35	28	29	28	31
Environmental incident	30	36	31	29	27	30
Pressure group protest	18	27	21	19	17	21
School/childcare closures	-	-	-	17	18	21

Table 3 Percentage of managers who think threat would have significant impact on costs and revenue (2007-2012)

4. Responding to common risks

4.1 Effects of extreme winter weather

Snow has fallen across the UK during the last three years, with 2010 experiencing the coldest December since records began². In fact, the UK again experienced winter snow and gales in the days following the collection of data in this year's survey. While the effects of that snow are therefore not recorded, the survey did include new questions to help assess whether the experience of the previous years has affected planning for disruptive weather. Thirty-seven per cent of managers report that their organisation has formalised its arrangements for managing severe weather disruptions as a result of the winter weather experienced (Figure 5). Eighty-four per cent describe their organisation as 'fairly well' or 'very well' prepared for heavy snow.

² Met Office. (2011). Record Cold December. Available at: <http://www.metoffice.gov.uk/news/releases/archive/2011/cold-dec>

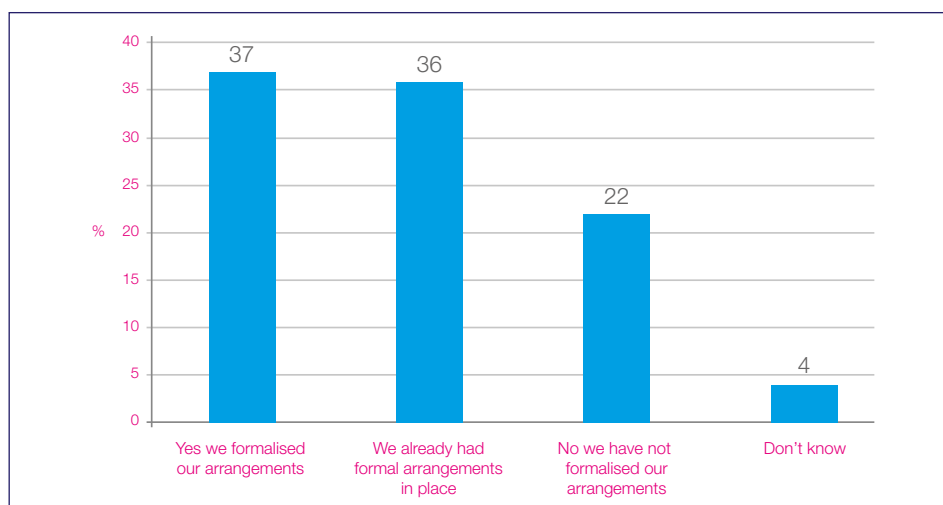


Figure 5 Organisations who have formalised their arrangements for managing severe weather

4.2 Preparing for the 2012 Olympic and Paralympic Games

With the Olympic Games coming to the UK in 2012, this year's survey asked respondents whether they were taking any steps to minimise the disruption this may cause to their business. A quarter of managers report that they will allow their staff to work flexible hours and 17 per cent will enable staff to work remotely. Seventeen per cent have also prepared for an increase in requests for annual leave during the period. However, over half of respondents are not expecting any disruption as a result of the Olympics, as shown in Figure 6.

Only eight per cent of respondents report that their organisation has not yet thought about the impact the Olympic Games may have. This figure appears low but it could reflect the increased planning organisations are undertaking as the Games draw nearer.

Among the open-ended responses received, 14 managers report that their organisation would restrict or ban annual leave during the Games, some because they will be involved in supporting the events in some way. Others say they are expecting an increase in workload or business due to the Olympics, highlighting that some businesses will enjoy economic benefits. A few managers plan to avoid meetings in London during the events or have provided a revised schedule of work during this period.

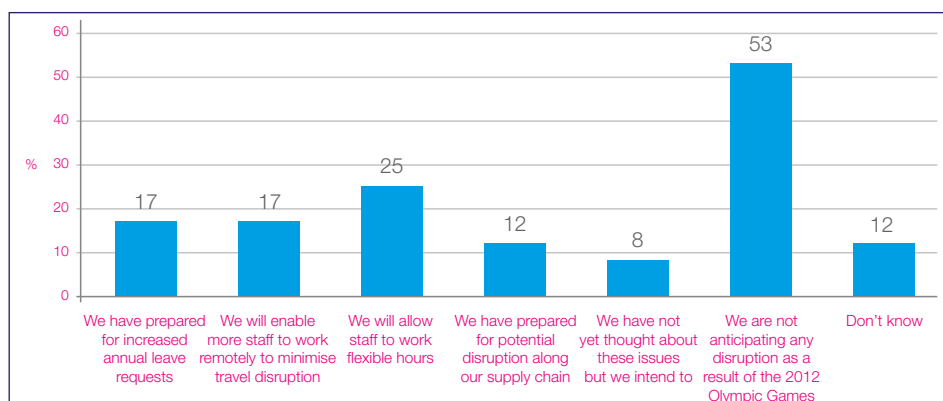


Figure 6 Preparations for the 2012 Olympic and Paralympic Games

Unsurprisingly, preparations for the Games vary considerably by region with managers from London, the South East and East of England expecting most disruption. However, with only 12 per cent of managers reporting that their organisation has prepared for disruption along their supply chain there may be some concern that organisations outside these regions have not considered the knock-on effects that may be encountered by disruption faced elsewhere.

	London	East of England	West Midlands	South East	East Midlands	South West	Yorkshire & the Humber	Wales	North West	Northern Ireland	North East	Scotland	Other
	%	%	%	%	%	%	%	%	%	%	%	%	%
We have prepared for increased annual leave requests	31	23	14	22	13	15	15	10	11	-	3	6	14
We will enable more staff to work remotely to minimise travel disruption	41	18	9	18	13	21	11	7	5	-	6	7	16
We will allow staff to work flexible hours	45	26	22	32	17	24	18	21	13	7	20	13	26
We have prepared for potential disruption along our supply chain	24	8	3	16	10	14	12	3	8	-	9	3	19
We have not yet thought about these issues but we intend to	15	11	11	3	10	6	11	3	10	7	9	6	2
We are not anticipating any disruption as a result of the 2012 Olympic Games	24	44	52	52	57	57	61	62	63	64	66	76	60
Don't know	11	11	23	13	10	8	11	21	9	29	11	13	9

Table 5 Preparations for the 2012 Olympic and Paralympic Games by region

4.3 Remote working and alternative working arrangements

While a number of respondents report that their organisation will enable staff to work remotely during the Olympic Games, alternative working arrangements are a key part of BCM for many organisations more generally.

Just 10 per cent of managers say their organisation has no alternative working arrangements, down from 13 per cent last year. Fifty-eight per cent of managers report that their organisation provides full remote access to IT systems and 67 per cent provide remote access to emails. Over half (53 per cent) have arrangements for an alternative workplace.

5. Developing the business case for BCM

5.1 Benefits of having a BCP

The central purpose of BCM is to support organisations to continue to deliver critical products and services while coping with disruption. A Business Continuity Plan is a central element of an organisation's BCM practice. The survey canvassed

managers' views on the general benefits of a BCP, regardless of whether their BCP had been activated in the past 12 months. Managers report the following benefits:

- improving business resilience (77 per cent)
- reputation protection (72 per cent)
- meeting customer requirements (69 per cent)
- fulfilling statutory/regulatory requirements (65 per cent)
- improving understanding of risk to organisation (63 per cent).

Forty two per cent of private sector managers also say that having a BCP provides competitive advantage.

5.2 The effectiveness of BCPs

Of those organisations who activated their BCP in the past 12 months, 81 per cent of managers agree that it effectively reduced the impact of the disruption, as shown in Figure 7. Only 5 per cent disagree.

There is also a high level of agreement that their BCP helped speed up the return to normal operations. Critically, 81 per cent agree that the cost of developing a BCP is outweighed by the benefits it brings. Neither organisation size nor sector was a factor – 81 per cent of managers from micro businesses are in agreement, as are 79 per cent of managers from the largest organisations.

Although a relatively low number agree that their BCP catered for the personal/family resilience of employees (42 per cent), this number has increased by 11 per cent since last year. This area is addressed in the guidance document PD 25111, 'The Human Aspects of BCM', which was published by BSI in 2010 to supplement BS 25999.

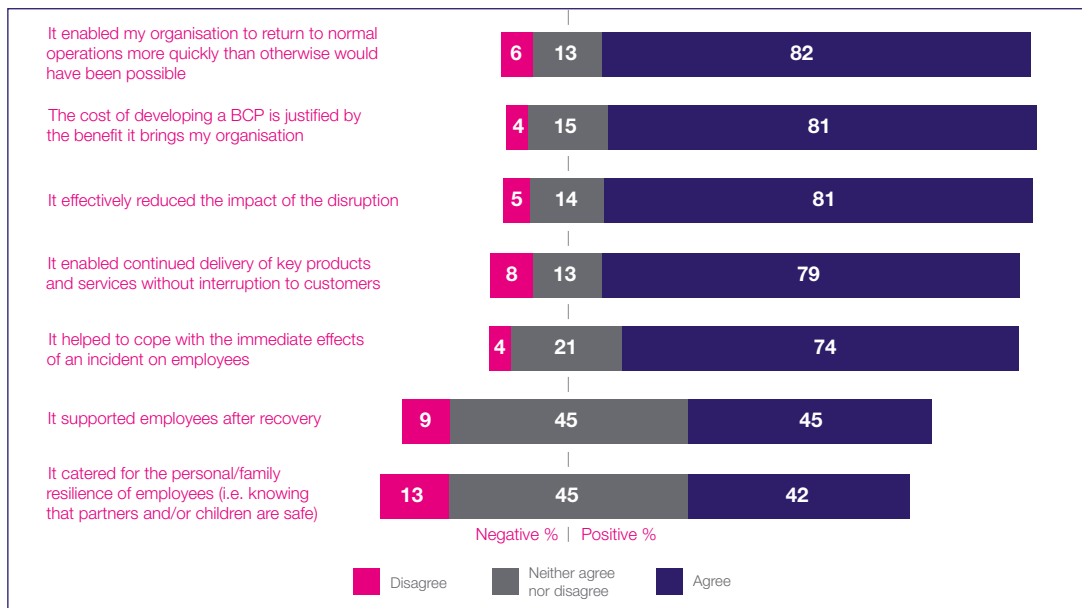


Figure 7 Managers' views on the effectiveness of BCM

5.3 Reasons for not having a BCP

Despite these reported advantages, 15 per cent of managers from organisations without a BCP cite a lack of perceived business benefits as a reason. More frequently, however, managers say BCM has not been implemented because their organisation rarely suffers from disruptive events (54 per cent) and that they deal with disruption as and when it occurs (46 per cent). This ad hoc approach to BCM is most common in small private sector organisations.

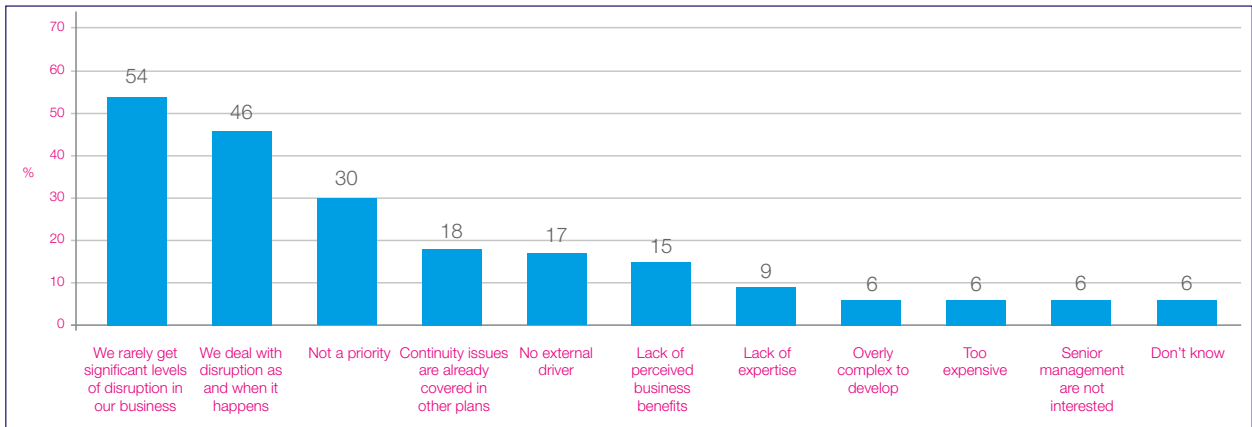


Figure 8 Reasons for not having a BCP

5.4 External drivers of BCM

As well as the evident business benefits, many external drivers can influence an organisation's decision to implement BCM.

Corporate governance remains the biggest driver of BCM. Potential or existing customers are the second biggest driver followed by legislation and regulation (combined in this question this year), as shown in Figure 9.

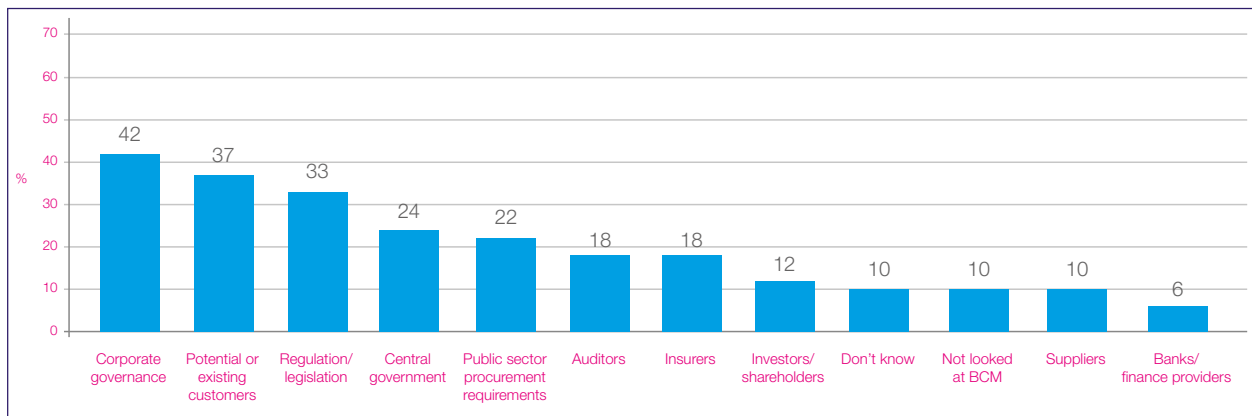


Figure 9 External drivers of BCM

Drivers of BCM vary depending on sector. Central government is a driver for 50 per cent of public sector managers, but only 14 per cent of not-for-profit sector and 10 per cent of private sector managers. Existing or potential customers are the biggest driver for private sector managers (48 per cent), second biggest for the not-for-profit sector (34 per cent) and fifth for public sector managers (22 per cent).

External drivers also vary depending on size. Table 6 below shows how customers are the primary driver for smaller organisations, whereas corporate governance and regulation are more important the larger an organisation becomes.

Small (0-50 employees)		Medium (51-250 employees)		Large (251 or more employees)	
Existing or potential customers	40%	Existing or potential customers	39%	Corporate governance	55%
Corporate governance	25%	Regulation/legislation	37%	Regulation/legislation	42%
Regulation/legislation	16%	Corporate governance	36%	Central government	37%

Table 6 Top 3 external drivers by organisation size

5.5 Providing evidence of BCM

We asked managers whether their organisation had been asked to provide evidence of BCM capability. One fifth of managers did not know and a further 26 per cent report that no external requests were made. Public sector managers are more likely to receive requests for evidence with only 12 per cent reporting they had not received any requests, compared with 35 per cent in the private sector and 26 per cent in the not-for-profit sector.

The types of bodies requesting evidence of BCM varies depending on sector, mirroring the variation in external drivers. Public sector managers are more likely to cite central government (37 per cent), corporate governance committees (28 per cent) and auditors (24 per cent), while private sector managers more commonly receive requests from existing and potential customers (28 per cent) and auditors (15 per cent). Not-for-profit sector managers are more likely to receive requests from public sector procurement teams (21 per cent) and auditors (19 per cent).

5.6 Supply chain issues

The supply chain is an important yet often overlooked part of BCM. Twenty-six per cent of managers report that their organisation does not require its suppliers or outsource partners to have a BCP. Only one fifth report that their organisation expects their business critical suppliers to have a BCP and only 7 per cent expect it of all suppliers. There is little to suggest that these figures will improve in future years, as only 1 per cent say their organisation intends to require a BCP among their suppliers.

The survey also considers the issue of how effectively BCM is driven through the supply chain. Of those that do require their suppliers to have a BCP, just 36 per cent had requested BCM information from those suppliers within the previous 12 months – although many did not know when their organisation last requested such information (41 per cent).

5.7 Supporting community resilience

This year's survey reviewed the types of assistance organisations would provide as emergency support for their local community. This was asked of all respondents, not just those with BCM. It found that the most common form of assistance would be the temporary release of employees to assist in recovery, although this figure is slightly lower than when the question was last asked two years ago.

	2010 %	2012 %
Temporary release of employees to assist local community	50	44
Loan or supply of resources and equipment	32	30
Provision of temporary shelter for members of the public	30	30
Provision of emergency food and essential supplies	18	20
Not currently - but we are likely to consider such forms of help in the future	Not asked	13
Not currently - and unlikely to do so in the future	Not asked	12
Don't know	Not asked	22

Table 7 Emergency support for the local community

6. Building resilience

6.1 Responsibility for BCM

Throughout the research series, CMI has stressed the importance of senior management taking ultimate responsibility for BCM, in line with good practice. This year the survey asked who, in the organisation's senior management team, was the sponsor of BCM. Forty-four per cent of managers report the MD or CEO to be the sponsor, while 19 per cent say it resides with the chief operating officer. Although one in 10 managers did not know who the sponsor was, just 2 per cent indicated that there was no top management sponsor. There was also a wide variety of open-ended answers supplied including BCM specialists, operations directors, quality managers, and roles unique to certain sectors.

The functions involved in BCM are varied, reflecting its cross-functional nature. The top three functions last year, IT, Human Resources and Facilities Management, also featured in this year's top four. The table is jointly topped by 'IT' and 'Operations', a new option added in the 2012 survey.

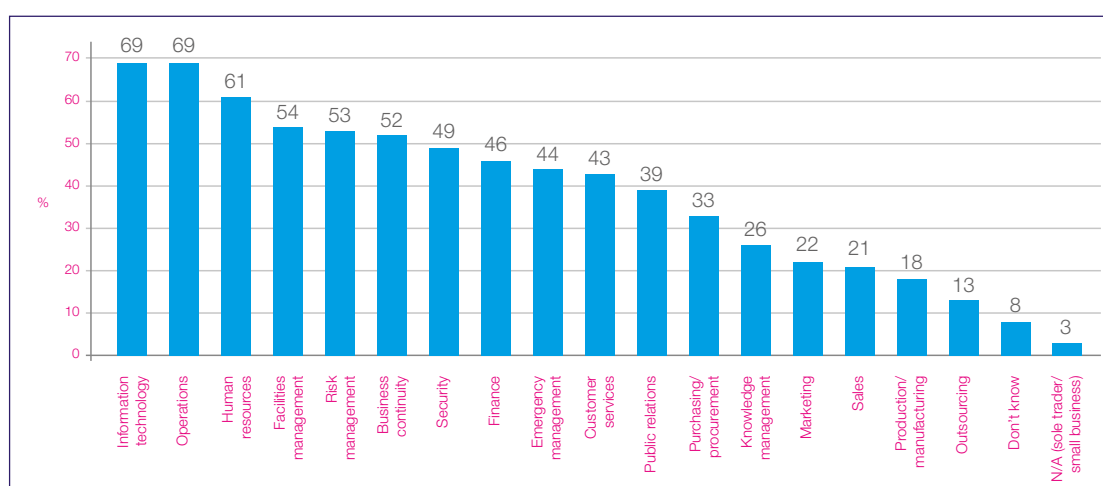


Figure 10 Functions involved in BCM

Good practice recommendations for developing BCM highlight the importance of conducting a business impact analysis. This enables organisations to identify their key products and services, critical activities and the likely impacts that a disruption

might have on them. By starting with the organisation's needs, this process is preferable to a risk analysis which would involve identifying every possible risk, regardless of whether it would affect the critical running of the business. However, despite such recommendations, other activities – including a risk assessment – again appear to to be more commonly utilised than impact analysis, as Figure 11 shows.

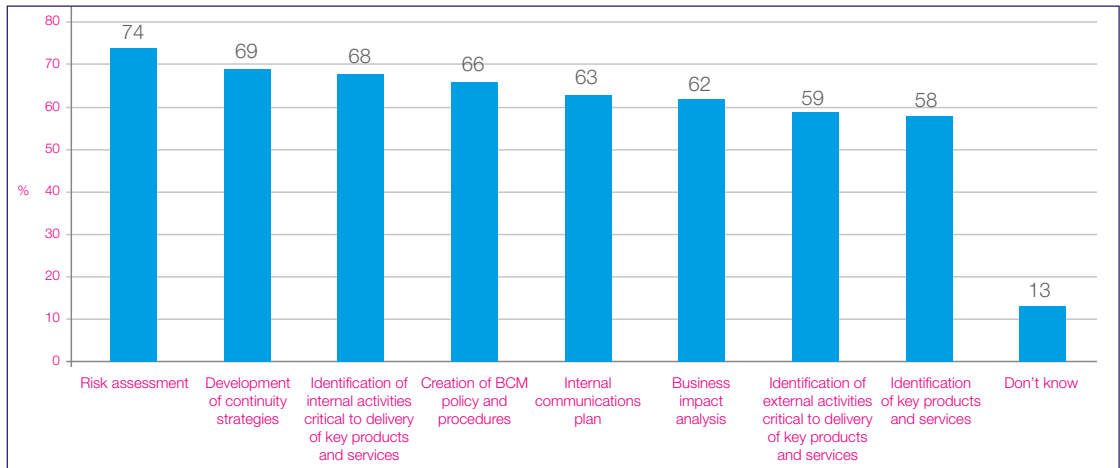


Figure 11 Steps for developing BCM

There is a range of products and services that organisations can employ when developing BCM and the survey suggests organisations make use of this wide variety (see Figure 12). Thirty-six per cent of managers say their organisation uses IT data recovery services while the same number use BCM standards or guidance documents. Online BCM services appear to be falling in popularity with just 18 per cent reporting their use compared with 30 per cent last year.

IT data recovery and BCM standards and guidance documents are among the most common products and services used by organisations of all sizes, but there is some variation in the final product or service to make it into the top three. Large organisations are more likely to favour external consultants, medium sized organisations make greater use of self assessment questionnaires and small organisations are most likely to opt for online services.

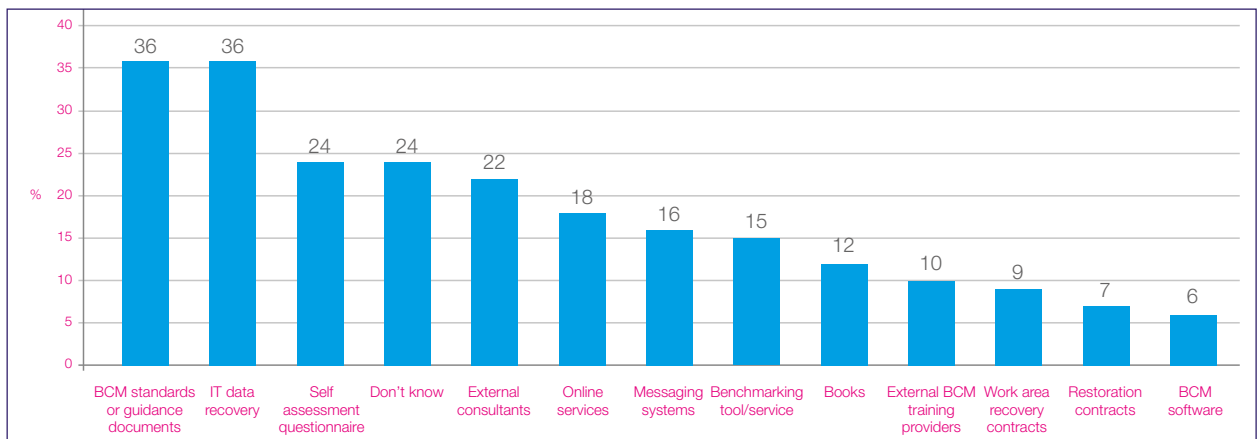


Figure 12 Products and services used when developing/maintaining BCM

6.3 Elements of a Business Continuity Plan

A Business Continuity Plan should provide a framework that builds organisational capability to respond to threats and safeguards the interests of key stakeholders, reputation, brand and value-adding activities. It may contain numerous elements, the most common being ‘strategies for maintaining and/or recovering all activities which enable key products and services’, as shown in Figure 13.

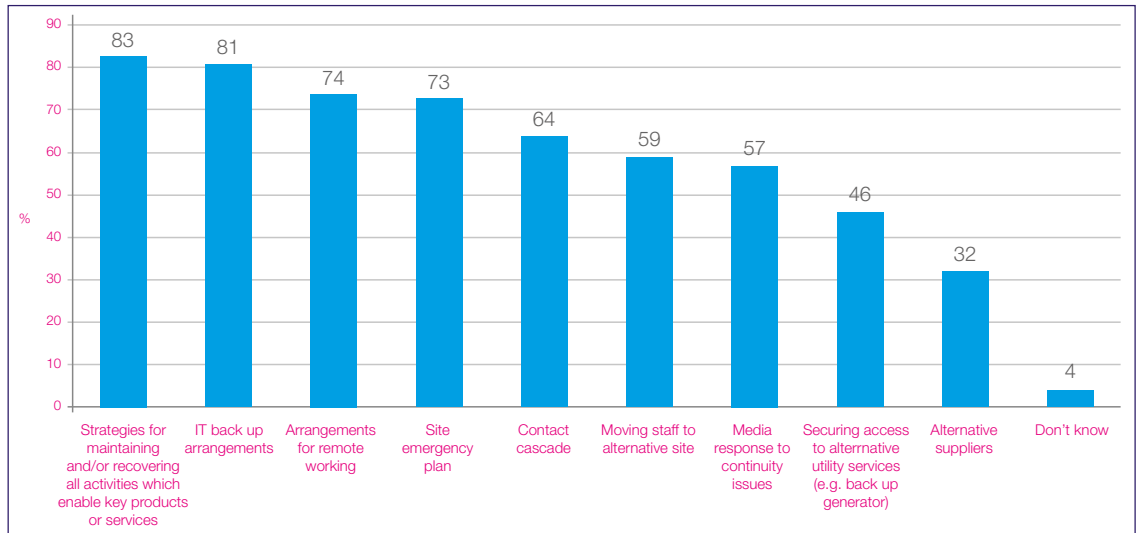


Figure 13 Elements of a BCP

Reflecting the perceived threats to businesses identified earlier, IT back up arrangements, remote working facilities and emergency plans also feature strongly in BCPs.

6.4 BCM training

Training employees to cope with disruption helps build an organisation’s resilience. The survey revealed that only 41 per cent of managers report that their organisation trains staff with BCM roles. Just one fifth of managers report that their organisation includes BCM training as part of the induction or at regular intervals. Fourteen per cent of managers report that their organisation does not provide BCM training or awareness at all.

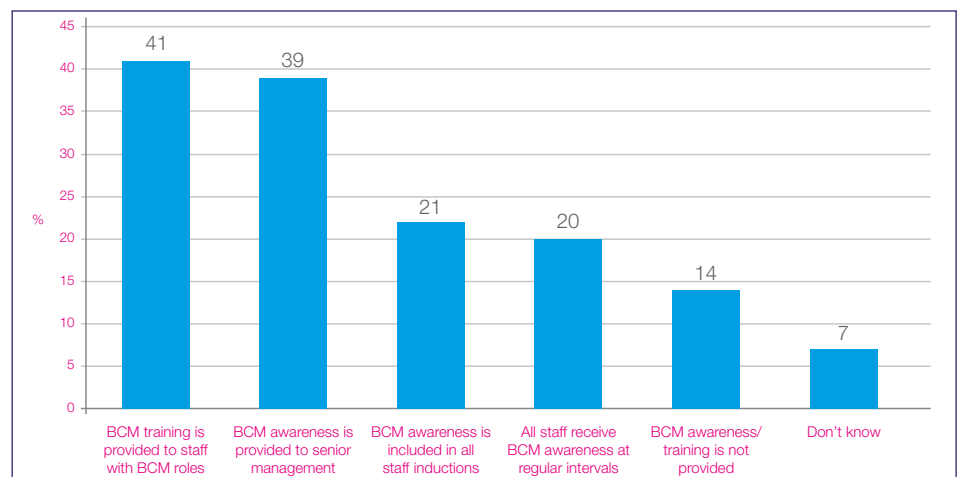


Figure 14 Provision of training and awareness

6.5 Awareness Despite the low level of training provision, most managers describe themselves as being ‘fairly familiar’ or ‘very familiar’ with their organisation’s BCP.

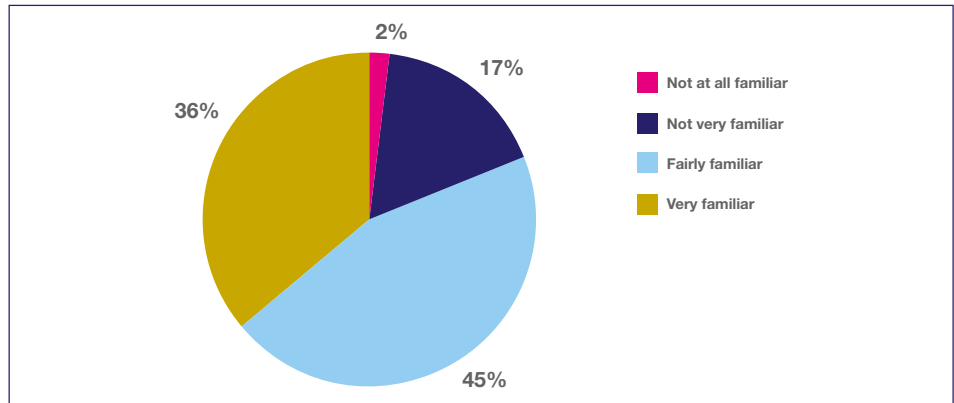


Figure 15 Managers' familiarity with BCP

In the event of a disruption, 58 per cent of managers feel they would be fully aware of their role, responsibilities and the actions they should take. However, a significant minority (39 per cent) say they have some awareness but would ‘need to look it up’, suggesting further training/awareness provision would be of benefit. Just three per cent would be entirely unaware of their role and responsibilities.

6.6 Exercising BCM Good BCM practice involves regularly exercising or rehearsing the BCP. This enables plans to be revised, refined and updated before weaknesses are exposed by a real disruption. Around half of those organisations with a BCP have exercised their plan in the last year. However, 17 per cent say their BCP has never been exercised.

The most common method used when exercising a BCP is the desktop exercise, followed by IT back up exercises and tests of remote working facilities. Only 22 per cent conduct a full emergency scenario when exercising their plans. Eighteen per cent of managers do not know how their organisation exercises its BCP.

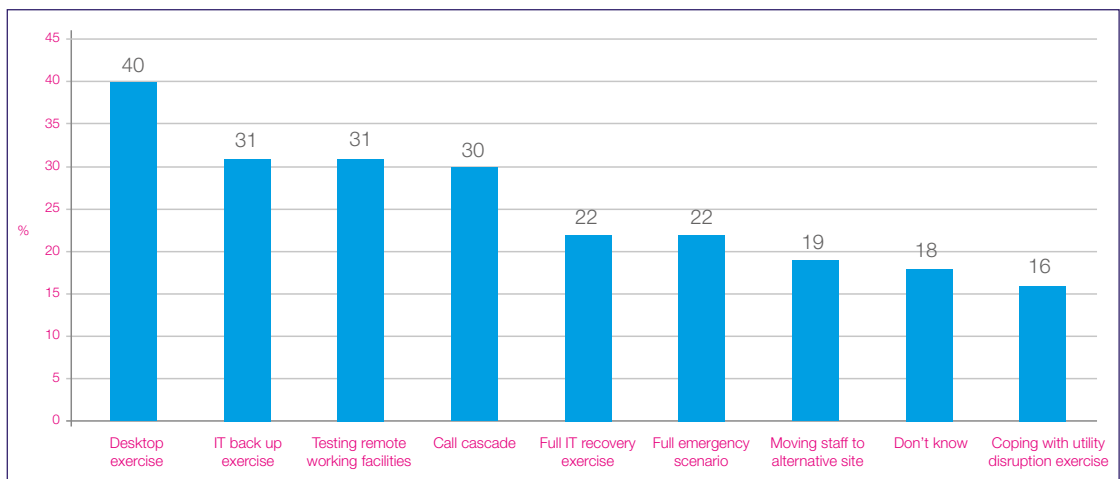


Figure 16 Format of BCP exercise

Survey results suggest that rehearsing a BCP is a valuable exercise. Of those that knew the results of the BCP exercise, only 17 per cent say it revealed no flaws. Forty-four per cent report that their organisation had addressed flaws that the BCP exercise had revealed. Just 7 per cent say that their organisation has not dealt with the flaws which were revealed by the exercise.

6.7 Evaluating BCM

Evaluating BCM against established standards enables organisations to ensure that they meet good practice and are in a position to effectively cope with disruption. Many organisations, especially those in the public sector, are legally compelled to evaluate their plans against legislative and statutory requirements. Although 41 per cent of managers did not know how their organisation evaluated its BCM, the most common method of evaluation is legislation followed by industry specific regulations and other standards. Sixteen per cent of managers say their organisation does not evaluate their BCM.

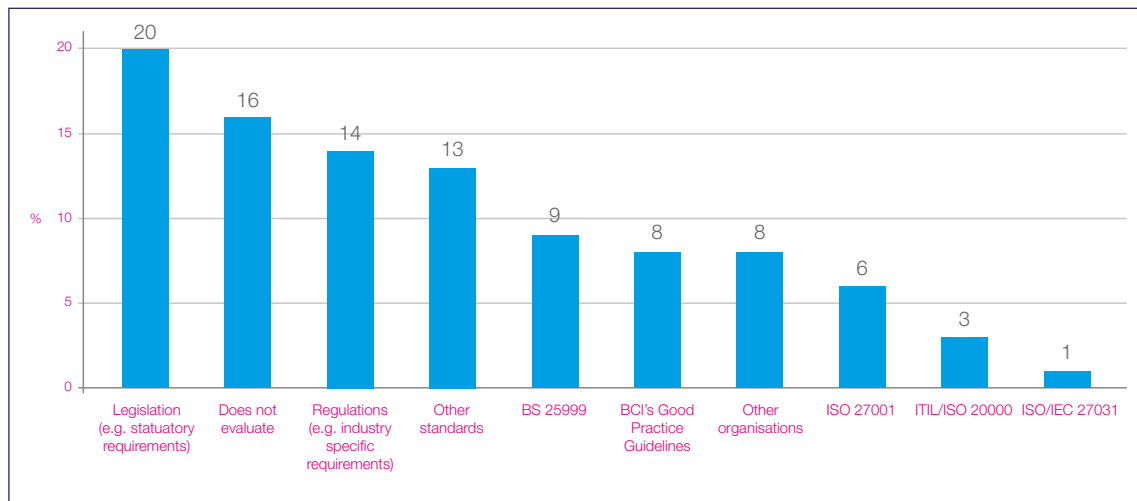


Figure 17 Methods of BCM evaluation

7. Recommendations

Eighty-one per cent of managers agree that the cost of developing a BCP is justified by the benefits it brings. These include the fundamental need to protect the delivery of key products and services, as well as benefits such as protecting the organisation's reputation and meeting customer requirements. It is strongly recommended that organisations develop BCM that is robust and proportionate to their needs.

Effective BCM

- Disruption can be caused by a wide range of factors but whatever its source, organisations need to understand what they need to do to maintain the delivery of critical services or products. When developing BCM, a business impact analysis should take precedence over a risk assessment.
- Organisations can change rapidly so review your BCM regularly, checking that it remains relevant to the organisation's current operations. Guard against it becoming outdated and test its effectiveness through regular exercises. Use

these opportunities to support better understanding of the organisation as a whole.

- Review which suppliers are critical to your operations and examine whether they have BCM. If not, you may want to find out why not – and assess what vulnerabilities this may create for your organisation.
- Use BCM based on a common framework, such as BS 25999 or the forthcoming International Standard, ISO 22301, and follow recognised best practice. This not only improves understanding of and resilience against business risks, but helps to meet customers' needs and can give an organisation competitive advantage. Maximise these benefits by promoting them to internal and external stakeholders.
- Senior managers must take ultimate responsibility for the quality and robustness of their organisation's BCM. External communication may include statements in the directors' annual business review, helping to provide security to shareholders, employees, customers and other stakeholders.
- Managers throughout organisations need to be fully competent and confident in understanding their role in BCM. In the event of a major disruption, there may not be an opportunity to look up the relevant information, so managers should be supported by appropriate training and awareness-raising activities or briefings. Individual managers also need to take responsibility for understanding their role.

Understanding changing threats

- A number of organisations have formalised their plans for dealing with bad weather as a result of their experiences in recent years. This is to be welcomed. Organisations should ensure that such plans are integrated with the overall BCM arrangements – and those that do not yet have BCM should examine how it could support their preparedness for threats other than bad weather.
- The London 2012 Olympics will have a substantial impact on organisations and their employees, especially in London. Organisations are advised to heed official advice, such as that prepared by the Cabinet Office, and make preparations – drawing on their BCM arrangements where relevant – for managing the impact.
- More SMEs need to examine how they could use BCM. While some SME managers may argue that their size and agility may reduce exposure to disruption, a lack of resources also creates vulnerability in the event of a disruption. However, managers are able to draw on ever more easily-available resources from professional bodies and others, who have a key role to play in promoting good practice guidance. The next section of this report provides information on some of these resources.
- Insurers should do more to promote BCM to their clients. Their influence could be critical in improving the uptake of BCM, yet currently insurers are low on the list of drivers of BCM.

8. Help and advice

CMI Checklist on BCM

CMI's Checklist on BCM is part of its popular range of over 200 Management Checklists, which help you develop your knowledge and improve your practice in a management task, activity or skill. Free to CMI members, the Checklists are normally available for purchase via our website – but we have made the Checklist on BCM available for free download at www.managers.org.uk/bcm2012

ManagementDirect and Library Service

Members of CMI also have access to the ManagementDirect portal – a unique information service that provides access to a range of management resources as well as informed researchers ready to answer your questions on key management issues. In addition, members are entitled to use one of the largest management libraries in the UK. Members can access these resources via www.managers.org.uk/practical-support

London 2012 Games: Planning information for businesses

Developed by the Cabinet Office and the organisations involved in delivering the Games, 'Preparing your business for the Games' is a free online booklet offering advice and guidance to help keep business running during 2012 and to make the most of the opportunities that exist. It can be downloaded from www.london2012.com/documents/business/preparing-your-business-for-the-games.pdf and a range of other resources, including travel advice, can be found at www.london2012.com/business

National Risk Register

The National Risk Register, published by the Cabinet Office, sets out the Government's assessment of the likelihood and potential impact of a range of different risks that may directly affect the UK. It is designed to increase awareness of the kinds of risks the UK faces and encourage individuals and organisations to think about their own preparedness. The register also includes details of what the Government and emergency services are doing to prepare for emergencies. It can be found at: www.cabinetoffice.gov.uk/resource-library/national-risk-register

Business Continuity Management Standards

BSI Group is the publisher of BS 25999, a standard establishing the process, principles and terminology of BCM. BS 25999 is published in two parts: Part 1 is a Code of Practice (2006) and Part 2 is a Specification (2007) giving the requirements for a Business Continuity Management System. In 2012/2013 two new International Standards will be published – ISO 22301 'Business continuity management systems – Requirements' and ISO 22313 'Business continuity management systems – Guidance' which will likely replace BS 25999.

Additional guidance has been published in the form of PD 25222 'Guidance on supply chain continuity', PD 25666 'Guidance on exercising and testing for continuity and contingency programmes', PD 25888 'Guidance on organization recovery following disruptive incidents' and PD 25111 'Guidance on human aspects of business continuity'. For more information please visit www.bsigroup.com or www.talkingbusinesscontinuity.com

BCI Good Practice Guidelines

BCI's Good Practice Guidelines (GPG) draw upon the considerable academic, technical and practical experiences of the members of the Business Continuity Institute – senior practitioners who have developed and shaped the concept of Business Continuity internationally since its inception. The Guidelines are intended for use by practitioners, consultants, auditors and regulators with a working knowledge of the rationale for BCM and its basic principles. They cover the six phases of the BCM Lifecycle and link them to what are defined as 'Professional Practices', namely: Policy & Programme Management; Embedding BCM in the Organisation's Culture; Understanding the Organisation; Determining BCM Strategy; Developing and Implementing a BCM response; and Exercising, Maintaining and Reviewing. Find out more at http://www.thebcicertificate.org/bci_gpg.html

Appendix A – sector statistics

The table below outlines key findings from a range of industry sectors. It includes the percentage in each sector with BCM; the most common drivers in that sector; the percentage of respondents that had not received any external requests for information on their BCM, which offers an indication of how BCM is being driven; those that have full remote access to their IT systems; those who used a business impact analysis when developing BCM; and those who suffered major disruption as a result of the winter weather 2011/2012.

Sector	With BCM %	Principal drivers	No external requests for BCM information %	Full remote access to IT systems %	Conducted Business Impact Analysis (organisations with BCM) %	Suffered major disruption from snow (Winter 2011/2012) %
Local Government	92	Corporate governance; Regulation/legislation; Central Government	10	61	61	42
Central Government	85	Central Government; Corporate governance; Public sector procurement	8	60	58	28
Finance, insurance	85	Corporate governance; Regulation/legislation; Auditors	17	80	69	17
Utilities	81	Regulation/legislation; Corporate governance; Customers	3	77	60	52
Health and social care	74	Corporate governance; Regulation/legislation; Public sector procurement	21	44	58	31
Transport and logistics	69	Corporate governance; Regulation/legislation; Customers	17	69	60	48
Manufacturing and production	58	Customers; Insurers; Corporate governance	15	79	65	25
Education	52	Corporate governance; Customers; Regulation/legislation	27	54	55	25
Business services	40	Customers; Corporate governance; Regulation/legislation and Investors/shareholders	40	47	47	26
Construction	31	Customers; Corporate governance; Insurers	22	57	60	38

Appendix B – respondent profile 2012

Respondent profile	%	Respondent profile	%
Managerial Level		Sector	
Director	27	Agriculture, forestry & fishing	0
Senior Manager	28	Business services	4
Middle Manager	31	Central government	4
Junior Manager	14	Construction	4
Organisation Status		Consultancy	9
Charity/not-for-profit	12	Creative/media	2
Public sector	35	Defence	8
Private sector	53	Education	10
Region		Electricity, gas and water	3
East of England	6	Engineering	4
London	14	Finance, insurance	5
East Midlands	7	Fire and rescue	1
West Midlands	7	Health & social care	11
South East	16	Hospitality, catering, leisure & tourism	3
South West	12	Housing and real estate	2
North East	4	IT	4
North West	10	Justice/security	1
Yorkshire & the Humber	8	Legal & accounting services	1
Northern Ireland	2	Local government	6
Scotland	7	Manufacturing & production	6
Wales	3	Mining & extraction (incl. oil and gas)	1
Other	5	Police	2
Number of employees		Sales/marketing/advertising	2
1-10	19	Telecommunications & post	2
11-50	13	Transport & logistics	3
51-250	15	Wholesale & retail	2
251-1,000	16		
1,000 or over	37		

Base: 1021

Research partners

This report has been prepared in partnership with the following organisations:

The Civil Contingencies Secretariat

The Civil Contingencies Secretariat (CCS) sits within the Cabinet Office at the heart of central government. It works in partnership with government departments, the devolved administrations and with key stakeholders at national, regional and local levels across the public, private and voluntary sectors to enhance the UK's ability to prepare for, respond to and recover from emergencies. You can find out more, and contact CCS, via <http://www.cabinetoffice.gov.uk>

The Business Continuity Institute

Based in Caversham, United Kingdom, the Business Continuity Institute (BCI) was established in 1994 to promote the art and science of business continuity management, and to assist organisations in preparing for and surviving minor and large-scale man-made and natural disasters. The Institute enables members to obtain guidance and support from their fellow practitioners, as well as offering professional training and certification programmes to disseminate and validate the highest standards of competence and ethics. It has approaching 7,000 members in 100 countries active in an estimated 2,500 organisations in private, public and third sectors. For more information go to: <http://www.thebci.org>

Aon

Aon Corporation (NYSE: AON) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing. Through its more than 60,000 colleagues worldwide, Aon unites to deliver distinctive client value via innovative and effective risk management and workforce productivity solutions. Aon's industry-leading global resources and technical expertise are delivered locally in over 120 countries. Named the world's best broker by Euromoney magazine's 2008, 2009 and 2010 Insurance Survey, Aon also ranked highest on Business Insurance's listing of the world's insurance brokers based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues in 2008 and 2009. A.M. Best deemed Aon the number one insurance broker based on revenues in 2007, 2008 and 2009, and Aon was voted best insurance intermediary 2007-2010, best reinsurance intermediary 2006-2010, best captives manager 2009-2010, and best employee benefits consulting firm 2007-2009 by the readers of Business Insurance. Visit <http://www.aon.com> for more information on Aon and <http://www.aon.com/manchesterunited> to learn about Aon's global partnership and shirt sponsorship with Manchester United.

Aon has been recognised among the most progressive organisations, winning the 2011 Continuity Insurance and Risk award for "Excellence in Business Continuity in the Insurance Industry". For more information on the Business Continuity practice at Aon, please contact Vincent West on +44 (0)7889 406655 or vincent.west@aon.co.uk or Hugh Leighton on +44 (0)7885 417489 or hugh.leighton@aon.co.uk

BSI Group

BSI Group is a global independent business services organisation that develops standards-based solutions to improve management practices and promote innovation. BSI can help businesses, governments and other organisations around the world to raise quality and performance in a sustainable and socially responsible way. From its origins as the world's first National Standards Body, BSI Group draws upon over 100 years' experience to work with 66,000 organisations in 147 countries from its 50 offices.

Within Business Continuity, BSI Group is globally recognised for the publication of BS 25999 and as a leading certification and training provider in this field. BSI has

certified and trained organisations in BS 25999 in over 20 countries. BSI will be offering a full portfolio of books, training and certification to support the roll out of the new International Standards in Business Continuity – ISO 22301 and ISO 22313. To learn more and keep updated, please visit <http://shop.bsigroup.com/ISO22301> or <http://www.talkingbusinesscontinuity.com/starting/standard-business-continuity-management-iso-22301-.aspx>

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Finally, the authors and research partners would like to thank all the CMI members who took the time to respond to the survey. We hope the report will be useful to you in improving your own organisation's BCM.

Chartered Management Institute

The Chartered Management Institute is the only chartered professional body in the UK dedicated to promoting the highest standards of management and leadership excellence. CMI sets the standard that others follow.

As a membership organisation, CMI has been providing forward-thinking advice and support to individuals and businesses for more than 50 years, and continues to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact. As well as equipping individuals with the skills, knowledge and experience to be excellent managers and leaders, CMI's products and services support the development of management and leadership excellence across both public and private sector organisations.

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