

Business Continuity Management

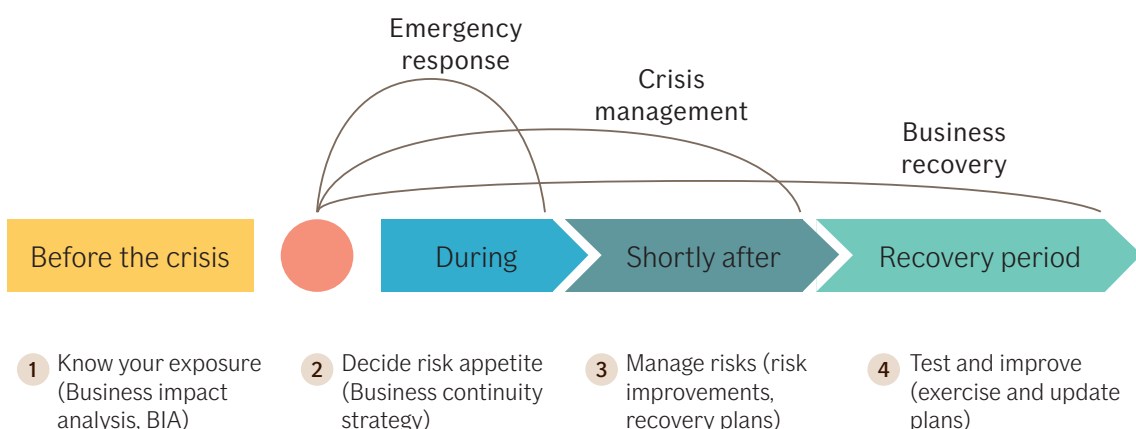
If half a meter of water stands in the electrical switchgear, the production hall is on fire, or an earthquake damages the warehouse, it is time for action – but is your organisation prepared to cope with the situation?

Surprisingly, many business critical sites do not have a recovery plan. Why is that? One reason may be that Business Continuity Management (BCM) is a joint responsibility of the local site and the corporate organisation, and one of the two has to initiate the process. Yet, many managers can feel so occupied with day-to-day issues that they simply do not want to think about emergencies before they happen.

However, it is worth spending time on Business Continuity planning and preparation for unexpected events because not all losses are insurable. Preparation saves time – and time, as we all know, is money.

Business Continuity Management (BCM)

Business Continuity Management consists of three parts: Emergency Response (ER), Crisis Management (CM), and Business Recovery (BR).



Emergency response (ER)

A good emergency response plan is simple, and allows an intuitive performance of the most basic actions.

- All employees should have access to the plan and be authorized to take action.
- Access to the plan should not depend on the availability of electrical power.
- In case of a more serious event, escalation plans should be clear to everyone, so that appropriate levels of management are involved.
- The plan should be possible to implement during all shifts, as well as when the site is unattended, such as during holidays.

Crisis Management (CM)

Crisis Management calls for a clear communication plan and a dedicated Crisis Management Team who practise the plan regularly and know what to do if crisis hits.

Typically, a Crisis Management Team (CMT) consists of the organisation's management team. However, in many organisations, the entire management team is rarely present at the office every day. Therefore, routines that substitute for the missing team members must be in place. A short "job description" for each member in the team can help in a potentially stressful situation.



Practice makes perfect

A good way to train the CMT is to conduct exercises. We recommend doing this every year. It is good to run different types of exercises from tabletop to more advanced ones involving outside "opponents", as well as communication training.



Communication plan

A communication plan is an important part of CM. When making your plan, consider who in your organisation is allowed to communicate externally, and who is responsible for internal communication. What is the official message from your organisation and how is it communicated? How will you inform your employees if their workplace is lost?



Business Recovery (BR)

Our experience tells us that not all management staff at production sites have a clear view of the maximum possible recovery time before the situation starts to hurt customers. This time may vary for different products. Top management should define a Recovery Time Objective (RTO) that will ultimately support the ability to reach business goals.

Business Impact Analysis (BIA)

In a BIA, the impact that the unavailability of each critical resource has on the operational objectives is quantified and compared with the Recovery Time Objective (RTO). Experience shows that without guidance, sites tend to focus more on Normal Loss Expectancy type events, such as the loss of a single machine, than on larger Estimated Maximum Loss events, such as fires or natural catastrophes.

The local sites often do not feel that they have the decision power to move production elsewhere. However, the local organisation is the best to evaluate the possible downtime in case of a loss, as well as the requirements on possible in-house or outsourced recovery resources.

If you would like feedback on your company's Business Continuity Management plans or assistance in getting started, our Risk Management team is happy to help. Please contact your Risk Engineer or Account Executive at If P&C Insurance for more information.

