

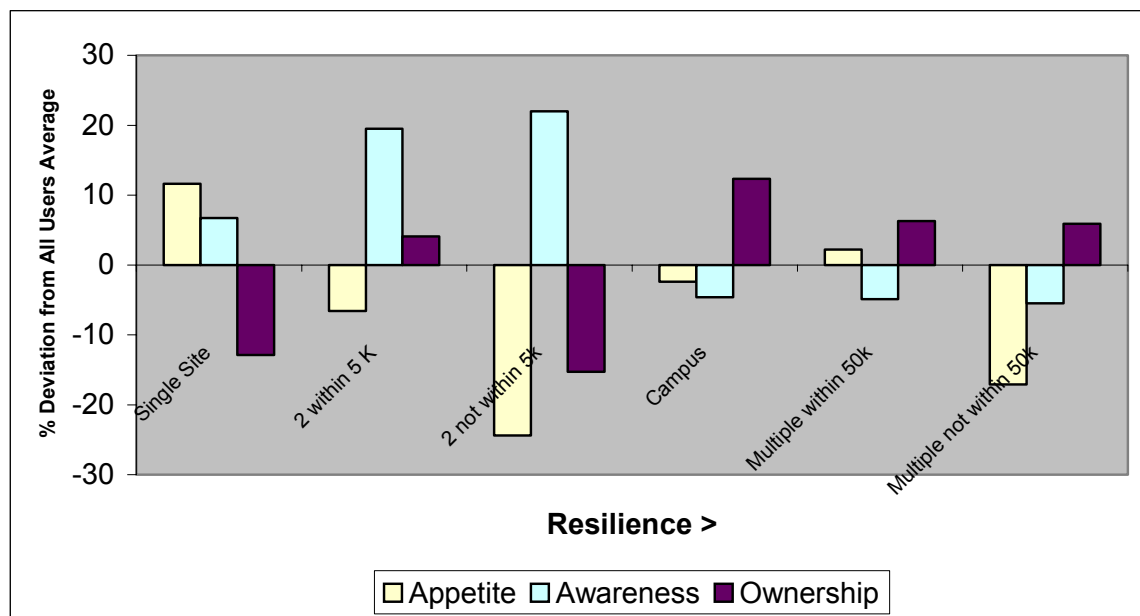
The INONI Report – Attitudes To Risk – Part Six

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In December 2003 JRCPL launched an INONI survey called 'Attitudes to Risk' in partnership with www.continuitycentral.com. The survey set out to investigate the attitudes to risk and continuity that exist within and across organisations, the so-called 'continuity culture' or 'risk culture'.

This article is the fifth in a series of linked sections based on the resulting INONI Report. Further sections will become available over the coming weeks. You can view other currently available sections via the links in the Introduction.

How does continuity culture affect site proximity?



The graph shows group average scores left to right in order of the author's perception of resilience for each site proximity and/or configuration. To help you interpret the graph, recall that the bars represent the following parameters:

- Self-appetite for general and specific operational risk-taking (Appetite)
- Appreciation of the operational risks facing the organisation (Awareness)
- Adoption and management of risks by staff in the organisation (Ownership)

It may also help to remember that the x-axis represents the All Users average score and that bar height represents a deviation from that average.

At a glance, the graph shows a clear division, suggesting that multi-building organisations have below average awareness and above average ownership of risk. This reinforces the ‘big firm’ formalisation trait identified in other sections of this survey and comes as no real surprise.

However, for small and large companies alike, risk appetite appears to consistently increase with reducing separation between sites, reflecting a cultural willingness to accept co-location risk in exchange for improved communication and shared cost of resource. Site proximity may indeed be an indicator of continuity culture.

Participants representing single and dual site locations appear to have above-average risk awareness, possibly because they are sufficiently contained to both see the risks and appreciate their vulnerability; also, because they are more likely to represent small-to-medium-sized firms with ad hoc or weak risk profiles.

Conversely (and based on the author’s experience), in large organisations with many apparent fallback site options available, the un-informed sometimes assume they will muddle through, with or without detailed plans, relying on the devolved culture – ‘the continuity people can sort out the details’. This is rarely, if ever justified and represents an avoidance of responsibility.

The graph goes on to show that firms with isolated sites (single and remote dual) also have below average risk ownership, again unsurprisingly reflecting a small-company risk culture profile.

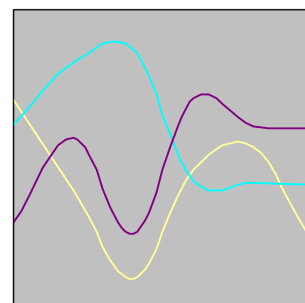
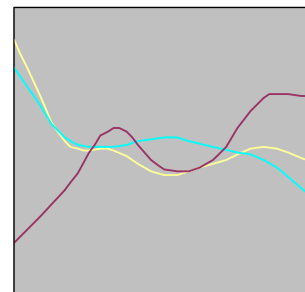
You would be excused for expecting the site proximity response to tally closely with the headcount analysis described in a previous section of the Report. It is shown again here as the upper thumbnail graph. The plot bears some resemblance to the lower graph, but the emphasis is strikingly different, suggesting that each plays a different role in shaping continuity culture.

Both charts show a two-peak rising ownership curve, a two-peak falling appetite curve and a mid-spectrum ‘eye’. The eye indicates a possible crux where high awareness and fortress mentality compensate for structured operational risk ownership, bucking the straight-line trend.

Viewed conjointly, the eye appears to correspond to small, distributed dual-site companies with 500 to 1000 employees, a critical stage in any organisation’s growth. It may even reflect a consolidation before embarking on a flotation programme.

The deviations shown by these two graphs suggest that risk perceptions may be more strongly differentiated by location proximity than headcount or, more probably, that organisational site decisions are strongly determined by risk culture, which is in turn determined by headcount.

It is important to bear in mind that many large organisations have sites distributed globally and have possibly just a few within practical range as a fallback centre. Also, the appropriateness of widely separated sites varies with geographic location, reflecting the strike pattern of natural catastrophes such as flooding, earthquake, and hurricane. These are not accurately represented in the survey.



Organisations may wish to consider the following:

- 1 To minimise the adverse effects of devolved risk responsibility, multi-site organisations need clear, tried and tested relocation plans that are consistently ingrained in staff awareness, along with the limitations and associated constraints of each of those plans
- 2 Individuals who represent the accepted operational risk culture for the organisation should drive or be heavily influential in the selection of alternate or fallback sites. This may mean raising risk-awareness amongst senior decision-makers prior to decisions being taken. An over-bearing risk or commercial bias may not reflect the organisation's best interests
- 3 Organisations operating within the 'eye' appear to be in a defensive-reactive mode characterised by a lack of formal risk management and a weakened continuity culture. A relatively small investment would bring focus to this, saving effort, increasing resilience and adding value to the organisation

If you have comments, insights or questions relating to this analysis, please email jr@jrcpl.com. Please note that all assertions in this article represent the author's views and interpretation of the available information.

You can access other sections of the report as they become available via the Introduction ([click here](#)).