BUSINESS CONTINUITY
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BIA SPECIAL

The results of Continuity Central's survey into the business impact analysis.

CONTINUITY CENTRAL

The BIA under the microscope

Over the past couple of months Continuity Central has conducted a detailed online survey into the ways that different organisations use the business impact analysis (BIA). The BIA is the cornerstone of the business continuity planning process. The Business Continuity Institute offers the following definition of the purpose of the BIA:

To identify the impacts resulting from disruptions and disaster scenarios that can affect the organisation and techniques that can be used to quantify and qualify such impacts. Establish critical functions, their recovery priorities, and inter-dependencies so that recovery time objective can be set.

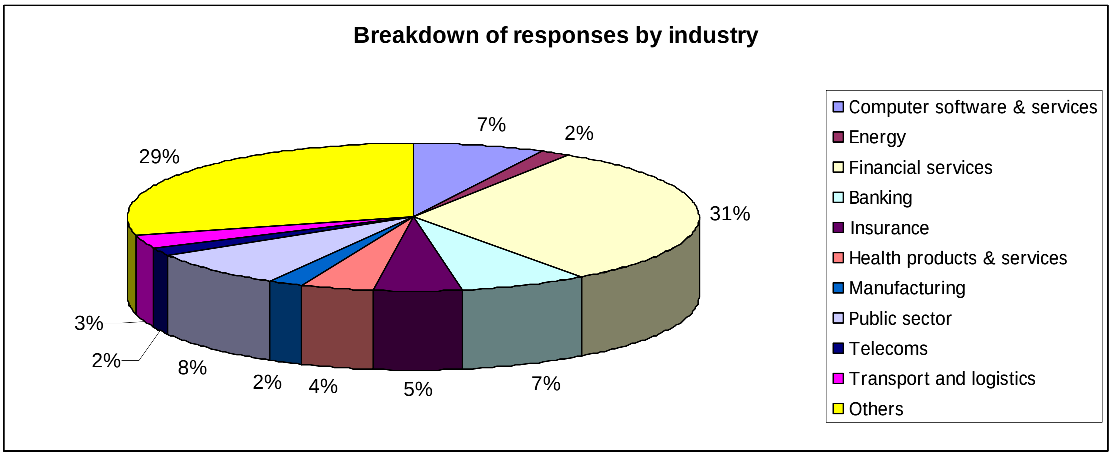
INTRODUCTION

163 responses were received to the survey from business continuity professionals around the world. Of these 79.2 percent were from large organisations (those with over 500 employees), 11.0 percent were from medium-sized organisations (between 100 and 499 employees) and 9.8 percent were small organisations (1 – 99 employees).

All size sectors contained a mixture of multinational and national companies (locations in multiple countries and located in just one) and a mixture of single site and multi-sited organisations. The table below gives the breakdown of this mixture, giving the actual figures, rather than percentages.

	Multinational (50+ locations)	**Multinational** (2-49 locations)	**National** (10+ locations)	**National** (2-10 locations)	**Single site**
Small organisation	1	3	0	4	8
Medium organisation	2	4	1	5	6
Large organisation	43	25	32	21	8

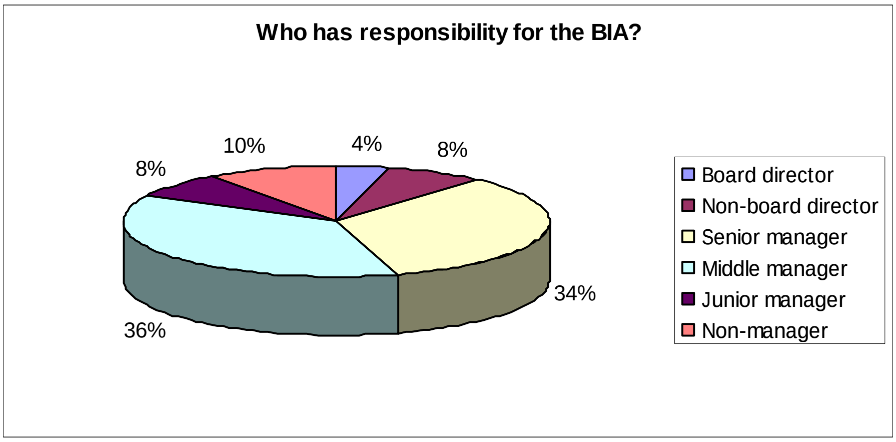
Finance sector industries were by far the most strongly represented in the survey, with 31 percent from financial services, 7 percent from banking and 5 percent from insurance making up a total of 43 percent. The next largest group was the public sector, with 8 percent of respondents, just pushing the computer software and services sector into third place on 7 percent (see next table for full breakdown).



WHO TAKES RESPONSIBILITY FOR THE BIA?

Given the need during the BIA process to access senior executives across the organisation and the amount of strategic business information that can be generated, the survey revealed a surprising lack of seniority when organisations allocate responsibility for the BIA process. Overall, directors took the lead in only 12 percent of organisations. In large companies, this percentage dropped to 10.8 percent and no medium sized companies reported that directors took responsibility. In smaller businesses, the figure rose to 25 percent. Senior managers were more prevalent, with 34 percent of all organisations giving BIA responsibility to this level, but this still means that in more than half of those surveyed (54 percent), the BIA was conducted by someone having little influence and authority within their organisation. Again the situation varied by size, with 69 percent of small organisations giving responsibility to senior managers, 28 percent of medium sized and 29.5 percent of large organisations.

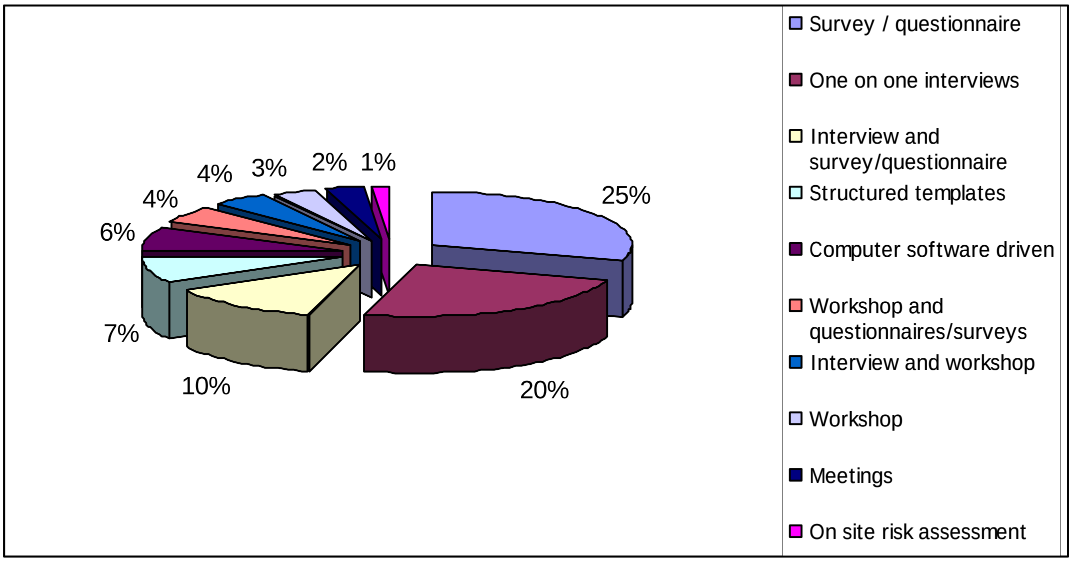
18 percent of organisations gave BIA responsibility to a junior or non-manager. This figure was highest amongst medium sized organisations (28 percent) but even in large organisations it reached 17 percent.



HOW IS THE BIA INFORMATION COLLECTED?

Survey respondents were asked to give details of how their organisation gathered the information required for the BIA. For most, this was a time consuming and labour intensive process, with only 6 percent reporting that they used a specialist BIA software tool to help automate the process.

The table below shows the main methods that were utilised.



The most common method (25 percent of respondents) was to use a standalone survey or questionnaire. This was supplied to recipients using a variety of paper, online and database methods, with completed survey forms being analysed without further follow up.

One-on-one interviews were the next most common method (20 percent). These were mainly conducted in face-to-face sessions rather than over the telephone.

10 percent of respondents utilised a mixture of interviews and questionnaires, with the majority using interviews to determine the content of the questionnaire. However some organisations did things the other way round, using a survey to gain information and using interviews to add to and verify this.

Two main tools were used to aid the BIA information gathering process. 7 percent of respondents used formal structured templates and 6 percent used computer software, including Strohl System's BIA tool and Excel spreadsheet based methods.

11 percent of respondents used some form of workshop. 3 percent utilised only workshops, 4 percent also conducted individual interviews and 4 percent supplemented workshops with surveys or questionnaires.

Some of the more detailed responses follow. A spreadsheet containing all the responses can be downloaded from the link at the end of this article.

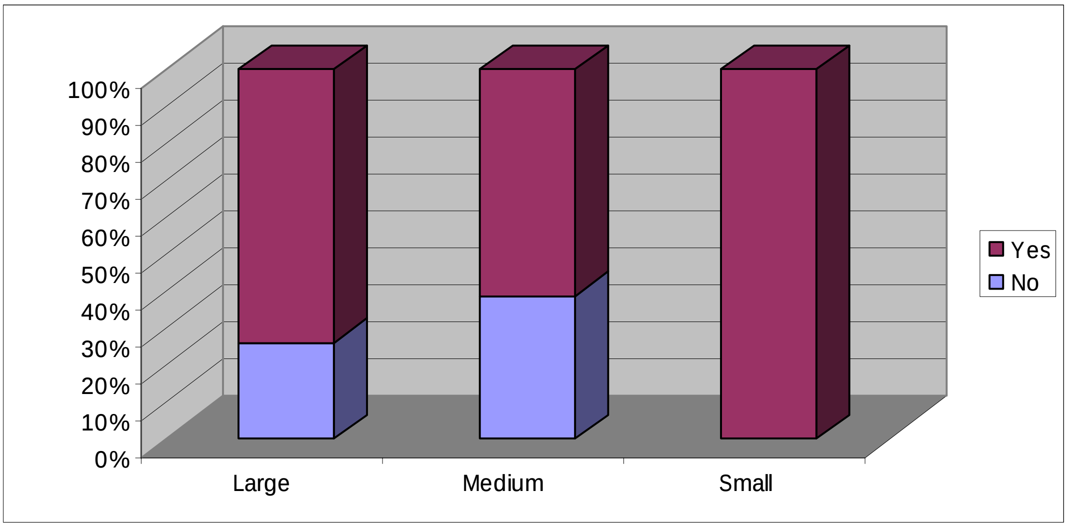
Detailed responses:

- BIA information is collected in conjunction with information being collected to meet Sarbanes-Oxley (SOA) requirements. This is done through interviews with process owners, and validation interviews with their superiors.
- Brief questionnaire to gather (1) impact data and (2) recovery requirements under 4 headings: People, MIS, Documents & Other. This is processed using an Excel spreadsheet and then discussed, revised and signed off in a workshop.
- Business process analysis is undertaken, using simple diagramming tools, to validate the resources needed to support the process. Questionnaires are then constructed to get process owners to assess the impact of loss of one or more resources. Workshops are held for the more complex process impact analysis.
- Each business head is responsible for completing a standard template using Microsoft Word and a copy is sent to the business continuity function who provide support and challenge.
- Each business area completes an Annual BIA (standard form) (or updates existing BIA upon significant change to the business area, products and processes), BIA findings are challenged through operational risk teams and solutions agreed through central risk/IT recovery services.
- Electronic survey distributed to all departments and interviews conducted with each participant. Report to follow to senior management with summaries and cost analysis thereafter.
- Meet with subject matter experts from each discipline a business process depends on. Include manager(s) of business line responsible for business process. Determine impact of loss or integrity failure in terms of various appropriate parameters (including but not limited to money).
- The BIA form is distributed to each directorate. Copies are distributed within the directorate to each functional and operational business unit. The completed BIAs are returned and summarised for each directorate. As required, assistance is provided during the entire process to ensure that the information collected is complete and accurate.
- Via a series of interviews and predefined questionnaires. The BIA is conducted from two perspectives so as to produce BCP strategies for both functional (departmental) and process (cross divisional) facets.
- We conduct discovery meetings understand the dependencies and RTOs of the services, then send out a very small electronic survey to gather resource information.
- Meetings scheduled with the managers of critical functional units. Using a pre-formatted discussion guide, the basics of BIA are presented and after some discussion an outline of the survey is handed out with the e-address for access to the survey included. Participants are asked to fill out the survey and to return to a specific e-mail address as an attachment. Based on the survey results, follow up meeting are scheduled for further, detailed discussions.
- BIA questionnaire is distributed for completion prior to a review meeting. Completed questionnaire is then reviewed, changes made and adopted. Complete questionnaire is approved by functional vice president.

DOES YOUR BIA COVER EVERY BUSINESS DIVISION AND PROCESS?

The Continuity Central survey asked the above question to determine whether the BIA is being used organisation-wide, or just in specific areas.

The answers to the question were as follows:



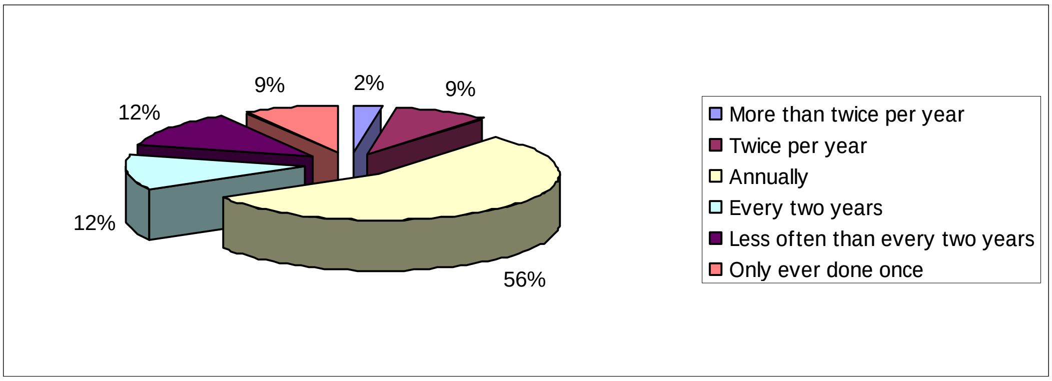
100 percent of small organisations conducted BIA's which covered every division and process. However, as organisations get larger and more complex this gets more difficult and expensive, with only 61 percent of medium size and 72 percent of large organisations being able to conduct a truly exhaustive BIA.

Organisations that did not conduct a BIA across all areas were asked to explain why. Some of the more detailed explanations follow:

- Non critical functions (mainly non-business functions) do not carry out a BIA.
- Essential functions only - those with a high impact on business as usual.
- Only large revenue producing sectors and the ones with legal obligations are reviewed.
- Only the critical areas are covered. Determined by processes that must be maintained in the event of an incident.
- Any function that is deemed critical because of SOA (i.e. processes considered material to the financial statements) is also deemed critical to BCP. In addition, any process or function required to recover and restore (i.e. human resource services, IT services, etc.) are also considered critical to BCP, although they may not be important to SOA.
- This would be to cumbersome, it is irrelevant at this level because any risk outside of world annihilation would not affect all critical business processes, no person is capable of adequately understanding the detailed risks and impacts for such a large organisation, and we don't budget for BIA or contingency planning at this level in the business. Our division alone has over 100 critical plans. There are thousands in the whole company.

- BIA is conducted for those operations / processes that are sufficiently material to the organisation.
- The original BIA looked at all divisions and all processes. However, periodic updates address the identified critical functions and asks if additional functions or processes have been added.
- Areas that impact revenue generating activities, or client services are the priority. We will look at the others later when time permits.
- Those with a high IT reliance.
- Each division decides on its own.
- IT focus based on application risk driven into the business.
- Critical functions only - the core activities that we must perform to remain licensed in all 50 states and to meet the needs of our policyholders.

HOW OFTEN IS THE BIA CONDUCTED?



The most common frequency is to conduct annual BIAs, with over half (56 percent) of organisations doing this. When looked at by size of company 49.5 percent of large organisations and 33 percent of medium and 25 percent of small organisations conducted annual BIAs. However, many respondents who stated that they conducted annual BIAs also said that they would sometimes conduct an additional BIA within the year should a significant change take place within the organisation.

As might be expected, small organisations are more likely than larger ones to conduct frequent BIAs. 31 percent of small organisations do a BIA either twice a year or quarterly, with only 6 percent of large and 11 percent of medium sized organisations doing this.

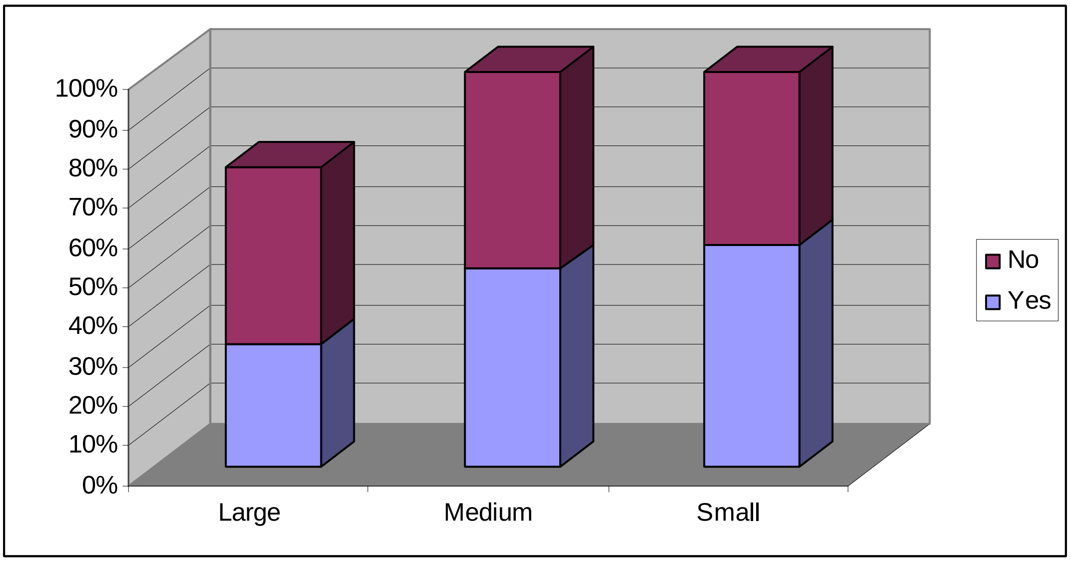
A significant 9 percent of organisations (including 6 percent of large ones) had only conducted a BIA once, when the business continuity plan was being developed.

IS THE BIA INFORMATION USED SOLELY BY THE BUSINESS CONTINUITY TEAM?

The BIA can produce information of strategic use for non-business continuity areas of the organisation. The above question was aimed at ascertaining whether the BIA information was being shared for wider use.

The table below shows that larger organisations were least likely to use the BIA information outside the confines of the BC division. Only 31 percent of larger organisations re-use BIA information, compared to 50 percent of medium and 56 percent of small organisations.

(The ‘no’ and ‘yes’ shaded areas show the response to the above question.)



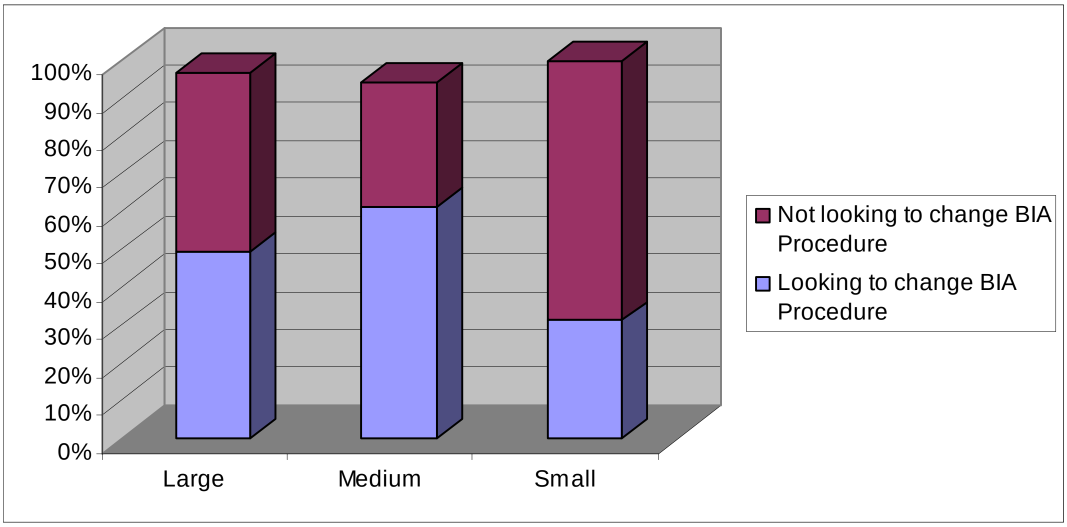
PROBLEMS AND DIFFICULTIES EXPERIENCED WHEN CONDUCTING THE BIA

The majority of respondents reported that the BIA was not an easy process to conduct. Of the 71 percent of respondents who expressed a specific difficulty, the most common areas of complaint were:

- Lack of support from the organisation in general and from senior management (25 percent)
- Getting questionnaires and surveys back from people (15 percent)
- Lack of time to conduct the BIA / time consuming process (12 percent)
- Difficulty in setting up BIA interviews (12 percent)
- Lack of resources to conduct and follow up the BIA (9 percent)
- Lack of knowledge in departments about risks, dependencies and the business processes in general (9 percent)
- Lack of indepth / technical knowledge in those surveyed/interviewed (5 percent)
- Lack of consistency in answers / results (4 percent).

FUTURE BIAs
The survey found that approximately half (49 percent) of organisations were looking to change the methods used to conduct BIAs. Considering the number of complaints identified in the previous section, something seems necessary to make the BIA less, onerous, more consistent and more useful.

As can be seen from the following chart:



there is quite a large difference when viewed by size of organisation.
50 percent of large organisations are looking to change and/or update BIA procedures. However, this rises to 61 percent for medium sized, and drops to 31 percent for small organisations. This may point to the traditional BIA being much more suited to the smaller organisation, or to individual divisions of larger organisations. As organisations grow from small to medium in size the traditional BIA approach no longer works as well and improvements become necessary.

Organisations that were looking to make changes were asked to give some detail on what they had planned. The responses to this question varied enormously from organisation to organisation with no real patterns. Only three areas emerged which may indicate a trend:

- A move towards the use of the Internet and Intranet-based surveys for information gathering.
- Moving away from a manual process to a software driven process.
- Working to get more awareness of business continuity at senior management level.

Some of the more detailed comments were as follows:

- Going over to the BCI's new Best Practices, implementing it enterprise-wide, awareness and education, re-engineering the whole BC policy, model, roles & responsibilities, process and procedures.

- Workgroups to (re-)evaluate the current practise will look at it. The BIA is more and more becoming a risk management practise ...Regulations like Basel II in the financial industry will be drivers in this process.
- I will stay away as much as I can from requesting BIA info. via filling forms preferring multiple one on one interviews. Need to find a way to present the data in a ROI format and in risk management terminology.
- Restructure of the mechanism with possible survey approach using a website and browser based tools.
- More and more formal regular reporting, through scorecard, and check list.
- We have historically covered buildings, systems and people but because of our increasing dependency on external suppliers we have added, in the last 6 months, critical suppliers.
- Need to run more frequently. Possibly review automation/tools. Would like to demonstrate risk better in terms of more accurate cost/analysis. Improvements required to identify interfaces better.
- Moving toward greater reliance on information in product database rather than on interviews and questionnaires. However, this will take time as not all the information for all products is in the database.
- I will be conducting awareness sessions prior to requesting the impact information. We have had a significant change in our management structure and all new managers will have to be briefed on the who, what and why.

Report author: David Honour, editor, Continuity Central.

An Excel copy of the raw data can be downloaded from http://www.continuitycentral.com/biasurveyrawdata.xls This can be used for personal use or within an organisational business continuity situation but must not be used in any commercial product or report. For permission for commercial use please e-mail editor@continuitycentral.com

Please note that not all charts in this report will add up to 100 percent, this is because, although null responses were used in calculating the percentages, they have not been displayed in the charts.