Getting Your House In Order: The Key to the Business Impact Analysis

The Business Impact Analysis (BIA) is a fundamental aspect of a Business Continuity programme, yet in my experience it is the part that is most misunderstood, poorly applied or even totally ignored. I have even heard people propose that this part was not relevant for their organisation, despite the fact they were planning to certify to ISO 22301. However, understanding the organisation, and in particular the Business Impact Analysis (BIA), is the most critical part of the BC process, underpinning the development of the plans and potentially saving money, but at the very least helping to focus where tight resources can be allocated. Not only that, the results of a thorough BIA will actually go some way to writing the final plan!

Business Continuity is an iterative process, but when one is starting the initial implementation of a Business Continuity Management system, the BIA is the first major step to be completed, and can take up to one third of the total project length.

ISO 22301 states that the Business Impact Analysis is the 'process of analysing the impact over time of a disruption on the organization' and notes that 'The outcome is a statement and justification of business continuity requirements'. The BIA provides information that enables prioritisation of an organisation's products and services and the urgency of the activities that are required to deliver them, facilitating the identification of continuity requirements and resources.

Two key phrases that I will be using are:

- Maximum Tolerable Period of Disruption (MTPOD) – duration after which an organisation's viability will be irrevocably threatened if product and service delivery cannot be resumed.
- Recovery Time Objective (RTO) – target time set for resumption of product, service or activity delivery

So what does all this techno-business-continuity-jargon-speak actually mean? Hopefully this will all come clear in this article, during which I would like to use a non-business scenario to help demonstrate how to understand your business and what this all means. I will also show how this all

contributes to the ultimate success of a business continuity management system and to show how straight-forward the process can be. So, consider my preparations for going on holiday....

What happens when you go away for a week? You do not take everything with you when you go away, especially when flying with some airlines (although my husband does sometimes accuse me of trying to take the kitchen sink). In fact, you take some things with you, use other providers for some, and implement strategies for coping with other issues. Thus, to work out what strategy I would adopt for my own holiday, and to coincidentally assist with the packing list, I will go through a simplified version of identifying Critical Activities and completing a Business Impact Analysis.

I will focus on just three activities for this article, which are eating, sleeping and paying bills. First, consider the impacts over time, as this will help to prioritise the activities and identify their criticality. Thus, missing a meal would give a high social impact (I'll be like a bear with a sore head, and my tummy will rumble), but little financial impact (I'll actually save money by not eating the first meal). However, over time, this will change, and there will eventually be a financial impact as I'll not be fit enough to enjoy my holiday, work, etc. Overall, eating is a high priority. I can go for a while without food but, realistically, my viability would be seriously threatened if I did not eat within 24 hours, so the MTPOD is 24 hours. Equally, with sleep, there will be a high social impact, and a fairly quick escalation in financial impact due to my inability to function. Thus, sleeping is also high priority, and again has an MTPOD of 24 hours. Not paying the bills will give an instant financial impact, with the penalty for not paying, and this will escalate over time as interest accrues, but there would also be a reputational impact as my credit rating will be hit which could restrict access to further financial services, so I will give this an MTPOD of 48 hrs. Thus, the priority order for these activities is eating, sleeping and paying bills, and I'll allocate MTPODs of 24 hrs, 24 hrs and 48 hrs accordingly.

Having identified the Critical Activities for this holiday, it is then important to identify the resources need to support these. Thus, for eating, I have already identified that I need tea and a sticky bun within 5 hours, thereby giving an RTO for a basic level of service of 5 hours. However, within 12 hours, I would need a proper meal, with all that that entails (crockery, cutlery, condiments and a glass of wine). There are options for this, either outsourcing or doing myself, but as I am on holiday, I think that the outsourcing will be the solution, so a key supplier would be a restaurant.

I can last a little longer without a doze than I can without food, so I'll suggest a recovery time of 17 hours. For sleep I need the minimum of a bed and bedding (I am now too old to be happy with sleeping on the floor, although I could cope with a sleeping bag!), as well as an alarm clock, teddy bear and pyjamas. Again, I am planning a holiday, so I will outsource this to a hotel.

For paying the bills, I need access to my bank account, and either the paperwork and chequebook so I can send it through the post, or the means to access internet banking, which includes computer, internet access, relevant internet browser and, critically, passwords (which is worth noting....I can ask a neighbour to post things but I can't ask them to do online transactions for me as this would be a security breach). To ensure that I do all this on time, I'll give myself an RTO of 36 hours.

Thus, by going through this process, I can identify the resources that I need within particular time frames to be able to achieve the critical activities which will then enable the development of a strategy. Furthermore, by going through this process for all my critical activities, I can identify critical suppliers and may even observe some other points that need to be noted in the plan, such as stopping the milk, asking neighbours to water the plants, and setting the 'box' to record any critical viewing.

Whilst undertaking the BIA, it will frequently be possible to also gather some of the information required for the risk assessment, which is an additional requirement of the standard. In this example, issues may include travel arrangements, and the subsequent mitigation required. Thus, for a holiday in Europe, I need to consider the possibility of industrial action, and the likelihood of an impact on my plans. At times, both the risk and impact will be high, thus my mitigation will be to ensure that I have the relevant travel insurance.

There is also the risk of poor weather. As I do not want to travel too far, and have planned a holiday in northern France, then this again has a fairly high probability and impact. Unless I want to avoid the risk and travel elsewhere, I need to mitigate the risk by taking the suitable clothing. Again, note that I am identifying further issues for my plan.

By using simple examples, as given above, I have demonstrated the importance of the BIA, explained the meanings of some of the key terms and given a simple guide as to proceed through this phase of the BCM lifecycle. Thus, I have demonstrated how to identify critical activities, to understand their impacts over time, and to prioritise their recovery. I have then shown how to identify the MTPOD

and RTO, and to understand the resources required for recovery and the identification of key suppliers. A simple risk assessment process helps to understand the risks, and any mitigation that will be needed. Following from these steps, you will then have the information that you require to understand the risk choices that are available and to be able to develop an effective strategy. There are no hard and fast rules, but overall the BIA does not have to be a complicated process.