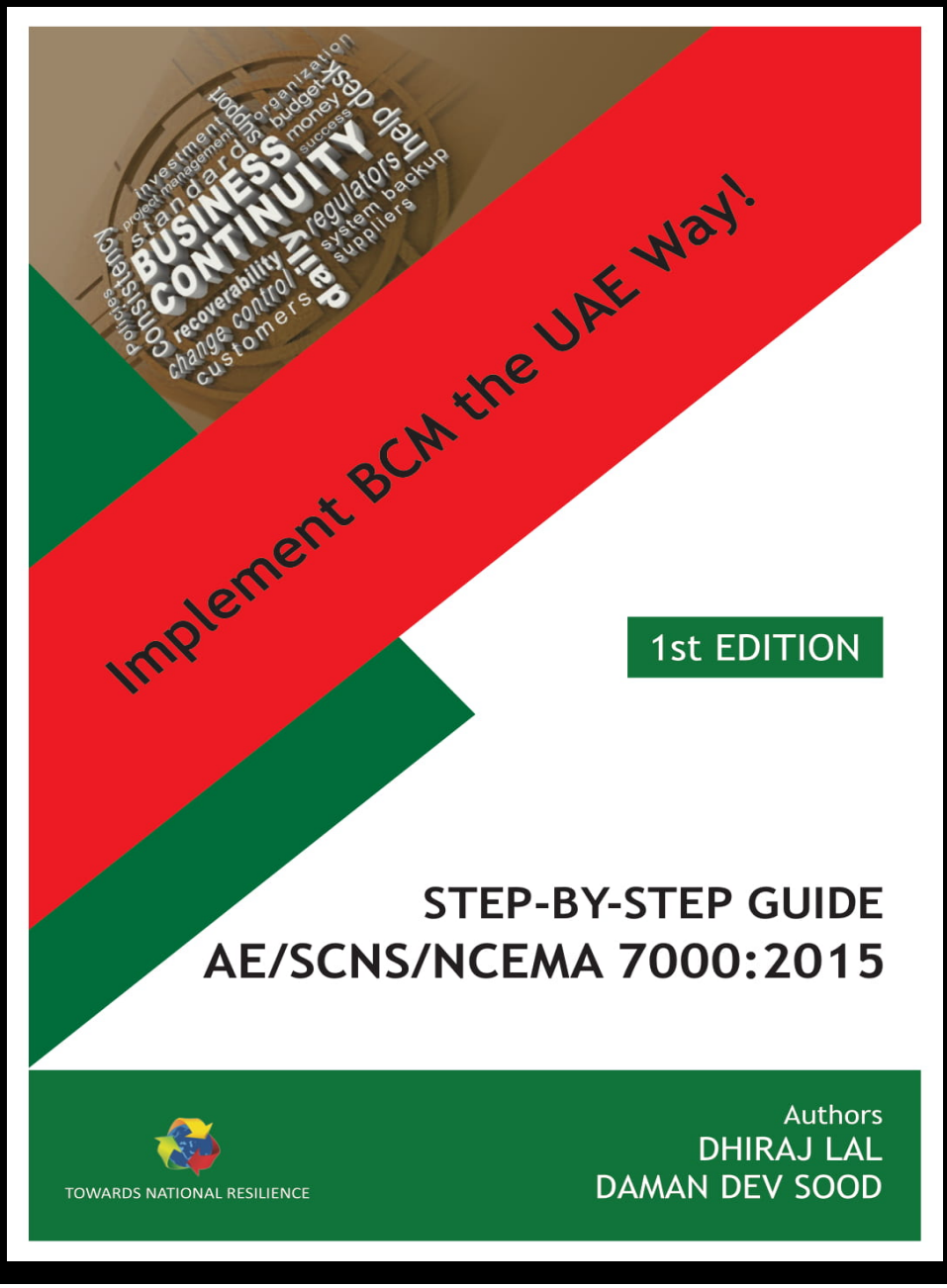

An extract from the BIA Chapter

Clause 8.1 of the NCEMA 7000:2015

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Typical contents of each chapter in the book

Additional information

Sample contents from the BIA Chapter

Overview

Clause 8.1 of the NCEMA 7000 document states that the organization shall establish, implement and maintain a methodology for identifying the business impact of disruptions on prioritized activities. The organization shall identify and document the impact of business disruption by:

- ♣ Identifying its prioritized functions, activities and services.
- ♣ Identify impact categories that are fit to the nature of the organization.
- ♣ Identifying disruption impacts on the organization based on predefined impact categories.
- ♣ Identifying Recovery Time Objective (RTO) of each activity disruption.
- ♣ Identifying Maximum Acceptable Outage(MAO).
- ♣ Identifying actions required to support prioritized functions, activities and services.
- ♣ Identifying activities deemed paramount to the continuity of prioritized activities.
- ♣ Prioritizing activities and services according to their recoverability priority, as per the BIA.
- ♣ Identifying internal and external bodies, which an organization relies on for continual performance of main/ essential activities and services, including support by suppliers and service providers.
- ♣ Verifying the capability of vendors, suppliers and service providers to support and maintain minimum service levels for prioritized activities during disruptive incidents.
- ♣ Identifying the indispensable resources for each activity, function or service to ensure business continuity.

Explanation

The NCEMA 7000 standard defines Business Impact Analysis (BIA) as the "process for analyzing business activities and the impacts of disruptive incidents that may happen over time." By means of a BIA methodology, the organization would be able to analyze the Business Impact of a disruptive incident and use this information to plan its BCM program. It is the responsibility of the Top Management to define the BIA for the organization by approving the BIA methodology and results.

Objectives

Any disruption to planned services is likely to have a negative impact on those affected (the interested parties). By determining how the impact is likely to increase over time, and by considering the different magnitudes of impact on the various interested parties already identified, any organization can agree in advance which impacts are of higher priority and which are lower. This would further allow them to agree the timelines by when it would want each product, service, process or activity to resume before the impact of the disruption reaches an unacceptable level. BIA is referred to as the heart of the BCM. What can be considered "unacceptable" differs from one organization to the other.

Purpose

The NCEMA Guidelines document states "the purpose of BIA is to identify and prioritize the activities which contribute to the identified process or processes that deliver the most urgent products and services, and to determine the resources required for the continuity and recovery of these activities…it provides information from which relevant BC strategies for continuity are determined."

Goals

The goals of the BIA are to:

- ♣ Determine the prioritized activities and their time frames for resuming.
- ♣ Assess and analyze the requirements of prioritized activities for their recovery and continuity.
- ♣ Assess and analyze the impacts of not performing the prioritized activity
- ♣ Evaluate the time span after the occurrence of an incident in which an activity or product should be restored or resources and assets should be regained.
- ♣ Evaluate the maximum interruption /downtime the organization can tolerate.

There are typically 5 parameters that are identified during a BIA. These are:

- ♣ BIA is conducted for all products/ services/ processes/ activities performed by the unit. This helps ensure that the analysis is "holistic", and that nothing significant is missed out.
- ♣ Impact of downtime over different periods, and the determination of at what time the impact becomes "unacceptable."
- ♣ Interdependencies, to be clear which are the entities that contribute inputs to this unit, and to which entities this unit provides its outputs.
- ♣ Critical Assets, without which a unit may not be able to deliver its key products and services, processes or activities. For example, oxygen masks in a plane, and the oxygen tanks that feed oxygen into the oxygen masks are critical assets of an airplane. Without these, the plane may not meet safety standards or be allowed to take off.
- ♣ Vital records, being critical information or data without which a unit would not be able to deliver its key products and services, processes or activities. For example, passenger payment status would be needed by the airline in order to issue confirmed tickets. Without these, it is likely that the organization may not be able to successfully conduct that activity.

Deliverables

The key deliverables from this activity are:

- ♣ BIA Methodology Document
- ♣ BIA Report

These are part of the 17 required documents as mentioned in the NCEMA 7000 standard.

Methodology

The BIA is the stage where the numbers and specifics are agreed for indispensable resources needed for resumption of each activity, function or service to ensure business continuity. The BIA also facilitates particular focus on suppliers and service providers on which the organization relies on for continual performance of essential activities and services.

There are 2 parameters in the BIA that must be well understood – RTO and MAO. Recovery Time Objective (RTO) is defined as the agreed time span after the occurrence of an incident by which the product/ service/ process/ activity should be restored or resources/ assets should be regained. Let us illustrate this via an example.

Assume that you have to catch a flight for which you need to reach the airport by 4PM. You estimate that it would take you around 45 minutes to reach the airport. These 45 minutes may be taken to be your target time, your RTO. Having said that, things do not always go according to plan and you may not reach the airport within your target time (RTO), and you may miss your flight due to delays caused by heavy traffic or roadworks on your way. Many people would call this a disaster or catastrophe,which is exactly what a BCM Program seeks to prevent.

Therefore, most BCM Standards, including the NCEMA standard, mandate that one additional parameter must be defined, which is the Maximum Acceptable Outage (MAO). This is the worst case timeline that you can set as to how much in advance you must leave for the airport, so as to have maximum certainty that even if there are unplanned surprises on the way, still you will reach the airport well in time, and do not miss your flight. So, to be safe, you may decide that you must leave not 45 minutes in advance (RTO), but 75 minutes in advance (MAO).

There is enough evidence to show that organizations that failed to resume their disrupted activities within MAO ultimately went out of business and had to shut down. This is the reason why any organization must make all attempts to ensure that under no circumstances does it take more time than the MAO for resumption of any important disrupted product, service or activity.

It is critical that the organization's Top Management must specify the RTO and MAO that they want the organization to achieve.

One more parameter that is typically specified is the Minimum Business Continuity Objective (MBCO). MBCO is defined as "the minimal level for product or service, which is considered as appropriate for the organization to accomplish organizational resumption goals after disruption." This is the level to which the Organization believes that operations must recover in order to provide service levels that would be considered to be acceptable by the relevant interested parties. An ideal BIA typically has these 3 parameters (RTO, MAO and MBCO) clearly defined.

How the determination of RTO/ MAO helps is that those with a shorter (or urgent) resumption timeline would be planned to be resumed first, and those with a longer resumption timeline would be resumed later. Also, inter-dependencies would need to be kept in mind, so that activities on which others are dependent are resumed first. Logically, those activities would need to be prioritized for resumption, where the impact of downtime is more.

Based on the above, it is an outcome of the BIA process that the organization can now plan to ensure recovery of its key products and services, processes and activities, within the agreed timelines. However, certain actions would need to be taken to support the continuity of prioritized activities, such as stabilisation, resource mobilisation, reporting and ongoing crisis management.

While not in any BCM Standard so far, the authors propose 2 new terms into Global BCM Thought process ("DTO" and "MDMT").

Decision Time Objective (DTO): Many organizations fail to respond in time due to analysis-paralysis. They know what must be the target time to respond, but that response cannot be initiated till they get the internal approvals to proceed. DTO is therefore the target time by which a decision must be taken, after the knowledge about the disaster. DTO will always be less than RTO. For example, if the RTO is 8 hours, DTO could be around 1 hour. A quick decision in no more than 1 hour could help enhance the ability of the organization to activate its recovery and be able to meet its RTO. This may involve preparations to move people to the Work Area Recovery site in some cases.

Maximum Decision-Making Time (MDMT): This is the worst-case time by which the decision must be made. If the MDMT gets crossed, then there is a good chance that the organization may also miss its MAO. The MDMT would typically be much less than the MAO. In the above example, if the reality is that the organization may take up to 5-6 hours to move its people and be able to comfortably restart at the Work Area Recovery site, then perhaps the time taken for decision making (MTDT) should be no more than 1.5-2 hours

Tips

A BIA can be performed for any entity, be it a full organization, a department, division, etc. Ideally, the full BIA process will be documented in the BIA Methodology document, to be signed off by Management. The BIA process is then implemented in line with the signed off methodology.

Typical steps involved in the BIA process are:

Step 1. Techniques to collect BIA data

This step would include agreement of the BIA questions to be asked, piloting and fine-tuning of the exercise, and collection of the data, including clarifications and signoff. Examples of techniques used include questionnaires, one-on-one interviews or Management/ Supervisor workshops.

Step 2. BIA Information analysis

This step would include consolidation of the BIA inputs received, identification and removal of any inconsistencies, and Top Management approval of the inputs and prioritization/ timelines.

Step 3. BIA Report Preparation.

This step would include a formal report that comprehensively captures all the information relevant to the BIA process that has just been performed.

Step 4. BIA Report Presentation to Top Management.

This step would include a formal presentation to the organization seniors, which recaps the results of the BIA exercise, and also the process followed.

Step 5. BIA Report signoff

By signoff on the BIA report the organization confirms closure of the BIA activity, and authorizes the BCM Program to move to the next stage (Risk Assessment, as per the Standard methodology). BIA report signoff is an important landmark and a formal step in the progression of the BCM implementation Program.

END OF CHAPTER SAMPLE

Step by Step Guide to NCEMA 7000 – Table of Annexures

The following table shows all the annexures present in the book "Step by Step Guide to NCEMA 7000" to enhance readers' understanding of its chapters.

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