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RISK MANAGEMENT

Power Outages and Business Continuity Planning this Winter

What is business continuity planning?

Business Continuity Planning is not the same as a Disaster Recovery Plan, as the two phrases are sometimes used interchangeably but they are not the same. The risk management discipline that is known variably as Business Continuity Planning or Business Resilience Planning started life as Disaster Recovery Planning.

The concept of the Disaster Recovery Plan (DRP) is simple. If you experience a major event such as a fire, then you have information available and identified actions to take that help you shorten the reinstatement of your operations. The information you might see in a DRP;

- List of key contacts
- Information or its whereabouts for emergency services
- Details of suppliers for assets/resources, such as your utilities
- Emergency procedure steps that you need to take.

But as the name implies, it deals with disasters, rather than the loss of a specific asset or resource, such as electrical supply. During the '90s, Disaster Recovery Planning evolved into Business Continuity Planning (BCP) with the emphasis on minimising the likelihood of disruption, thus maintaining "continuity within the business" and also planning more proactively to recover the business, reducing the focus on Disaster Recovery to Incident Response.

The difference between Disaster Recovery Plan and Business Continuity Planning

A BCP will have many elements of a Disaster Recovery Plan in its Incident Response Plan, but there are significant differences between the two. One of the most important is Understanding the organisation's Tolerance for Disruption – in simple terms, "if we cannot deliver our products or services, how long will it be before our customers seek alternatives elsewhere, perhaps to avoid disruption to their own business".

This information shapes the whole Business Continuity process as this timeframe is how quickly the business needs to reinstate the supply of its products or services regardless of the cause of disruption; it's the whole purpose of the BCP. And not most importantly in the event of a Disaster, but through partial damage (loss of utilities) or loss of use or access.

Business Continuity Planning also identifies the recovery times of individual Assets and Resources through a process known as Business Impact Analysis (BIA).

This is one of the significant differences between Business Continuity and Disaster Recovery as it protects the business from a range of events rather than a disaster. It is focussed on the timeframes in which the Business' functionality is restored, regardless of the cause for its loss or loss of use.

Putting in place Business Continuity Arrangements – in broad terms, these will:

1. Reduce the likelihood of an incident (i.e. Sprinkler system, cyber risk controls, Health and Safety arrangements, Environmental controls, etc); these would be widely recognised as risk management controls.
2. Allow the assets/resources to be recovered (or their functionality to the business process) within their recovery time objectives (i.e. duplicate tooling, pre-agreed outsourcing arrangements, certain Business Interruption covers that pay out for additional expenditure (air freighting product rather than sea freight), data back-ups, etc) and pre-agreed contracts for the supply of Generators (as opposed to a list of possible generator suppliers). We refer to these as Recovery Measures as they allow the business to recover functionality well within its Tolerance for Disruption.
3. The Incident Response Plan – the step-by-step playbook for how the organisation manages an incident. This may also detail "Continuity Phase" - reinstating its activities and a "Recovery Phase" reinstating its infrastructure.
4. Recovery Resources – these are resources the Business specifically needs to support its Incident Response assuming the loss or loss of availability of its primary infrastructure. This would include an incident response centre, key business data, and a Communications Plan.

Business Continuity Planning also includes maintenance, testing, and exercising of the BCP and continuity arrangements to ensure they are in a state of readiness if required and all those with a role or responsibility can work an Incident Response.