STRATEGIC BCP®

The BCM Professional's Playbook:

Assessing, Mitigating, and Managing Risk

If you are one of the many business continuity professionals wearing multiple hats these days, you are probably expected to play some role in risk management. If so, that requires evolving from a reactive approach to continuity and recovery toward a more proactive approach to assessing, mitigating, and managing risk.

Whatever your role, you can enhance your impact within the organization by thinking more strategically. The objective is to move beyond a reactive document-centric continuity plan to develop a more analytical, proactive approach that also identifies, quantifies, and prioritizes risk. By doing so, your organization can focus on mitigating the risks of outages *before* they happen. Likewise, they can decide whether to mitigate that risk by avoiding it, reducing it, transferring/sharing it *(e.g. insurance)*, or accepting and preparing for it.

Obviously, choosing the right risk assessment and continuity management tools will help you deal with risk. But adopting the right perspective and strategic approach, first, goes a long way toward helping you manage both the processes and the outcomes.

Recognize the convergence of risk management and business continuity.

Business continuity has long focused on planning and documenting after-the-fact responses for business disruptions. Risk management takes the analysis of such disruptions a step further by assessing the potential impacts to critical processes and resources, and offering options for mitigating those impacts.

Both concepts overlap in the fact that they involve taking stock of processes, facilities, IT resources, and personnel. But with its emphasis on day-to-day operations, risk management tends to have a higher profile among management. The sooner you embrace this more analytical approach, the greater your chances to elevate your role within the organization.

Fortunately, some business continuity software tools offer analysis and reporting options to help with both Business Impact Analysis and risk assessment.

Game-plan checklist:

☑ Broaden your perspective to position yourself for success, strategically.

☑ Choose the best BC/RM tools that help you prioritize potential impacts.

☑ Leverage regulations, frameworks, and standards to understand best practices that help manage risk.

Introduce new focus on mitigating risk.

The mission of risk management is to support operational improvements that remediate inefficient processes, to improve resilience against infrastructure vulnerabilities, and to assure regulatory compliance.

Enterprise risk focuses on mitigating events that impact an organization's supporting infrastructure—its facilities, IT resources, people, and assets. This can include maintaining back-up resources in the case of a disruptive event such as a storm, flood, or computer virus.

Operational risk focuses on mitigating vulnerabilities within an organization's business processes, in a pre-emptive effort to minimize the likelihood of a disruption and the impact of downtime if a disruption occurs. This is the area where you can have the greatest impact on improving productivity or profitability in your operations. It gives you the opportunity to document your contributions every day in normal operations, and not have to wait for a disruptive event to prove your value to the organization.

In each case, you need good analytical information to weigh risk mitigation costs against the total potential impacts of a disruption—both the relative likelihood of the disruption and relative impact if and when it occurs.

That is why having a sound Business Impact Analysis (BIA) methodology makes all the difference in how you prioritize and manage risk assessments. Be sure your comprehensive BIA approach incorporates realistic and objective measures, links your infrastructure to the business processes it supports, and is able to address the cumulative downtime impacts of all related factors.

Also, address risk impacts with a system that can accommodate quantitative factors *(such as loss of revenue and increased costs)* along with qualitative factors *(such as damaged public image and loss of customer confidence)*. Single-factor approaches can be very limiting and shortsighted, especially in the eyes of top executives.

Game-plan checklist:

- ☑ Identify and link all associated processes and assets with their relative downtime impact, right from the start.

- ☑ Use these related factors to assess risk and to establish priorities for mitigation and resiliency investments.

Understand your organization's operations and the impact of taking them down.

Be attentive to key areas of activity as you paint the "big picture" view of your organization's operational risk—including single points of failure and processes that are prone to human error or inefficiencies. And be sure your BIA analyzes and quantifies their impact objectively, not subjectively.

For example, some internal processes might hamper productivity or increase the risk of disruption depending on how they were originally developed and how they have evolved *(or failed to evolve)* since their initial implementation. These can include operations that were absorbed through acquisitions, that have increased in complexity, or have outgrown their manual processes over the course of time.

Understanding the functions, priorities, and associated risks of critical business areas—e.g. handling trades, entering orders, processing claims, etc.—can position you to make credible recommendations to key decision-makers.

Game-plan checklist:

☑ Familiarize yourself with the key business processes that have the greatest influence upon your risk.

☑ Establish and maintain contacts with key operations personnel, beyond basic survey taking and plan document distribution.

☑ Leverage business continuity and risk management information to improve everyday operations.

Don't let the wrong tools or methods lead you down the wrong path.

The only thing worse than not using a software tool for risk assessment or business continuity is using one that gives you a false sense of security. As the impacts of various risk factors increase, so do the potential consequences of using an outdated or subjective tool that does not quantify or prioritize risk accurately, is unable to evaluate interdependent factors, or cannot account for concurrent impacts.

Likewise, don't let outdated business continuity survey and planning methods compromise the quality of your risk assessments. Risk management requires a more strategic and analytical approach than traditional BCM tactics that can be highly subjective. If necessary, upgrade your information gathering strategies, tools, and priority assessments to the unique demands of risk assessment.

Remember, identifying and remediating risk costs money. Without the ability to prove the validity of your risk assessments through quantifiable and justifiable data, your chances for success are diminished.

Game-plan checklist:

☑ Beware of subjective data methodologies that provide little or no value.

☑ Choose BCM tools that fit your strategic needs and goals. For example, BCM software based on an analytical premise with comprehensive, custom-reporting options offers the opportunity to analyze and prioritize any combination of operational factors.

Guiding principles.

There is a whole library of risk management and business continuity regulations, standards, and best practices that share many similarities and guiding principles. Some are mandatory compliance requirements; many are voluntary criteria and guidelines.

Obviously, you need to adhere to any mandatory regulations to avoid penalties for non-compliance. But beyond that are many voluntary standards that might address specific concerns of auditors or customers in your market, or support your business objectives. More and more of these voluntary standards are being referenced in audit reports as recommended "considerations" for the organization being audited, and, as such, offer value for your risk assessment and business continuity planning activities.

In addition, you can also focus on the common guiding principles behind broad-based frameworks such as ISO 31000, COSO, FERMA 2002, ITIL v.3, and Dodd Frank that provide additional references for risk management practices.

Game-plan checklist:

☑ Look for BCM tools that can assure compliance through specific adherence to the regulations, standards, and guidelines that are relevant to your industry or application.

Conclusion: Expand your focus —from risk through to resilience.

With the ever-increasing demands on management accountability and the expectations they bring, no business continuity manager can afford to stagnate, or be comfortable with the status quo. Leveraging your BCM tools and data resources for broader purposes—including risk assessment and risk management—creates new opportunity for professional growth, within your role and within your organization.

Since 2004, Strategic BCP®—innovator of ResilienceONE® BCM software—has been leading the way in elevating the productivity and relevance of business continuity professionals. For a closer look at better ways to assess and manage risk, continuity, disaster recovery, and compliance, all in one comprehensive program, contact us:

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