

# Business Continuity Management

## The Concept and Context of BCM

Planning and Study Notes

# THE CONCEPT AND CONTEXT OF BUSINESS CONTINUITY

## Introduction

Whilst it is important to recognise that there is a holistic approach to what may be termed 'Organisational Resilience', and that there are commonalities and complementary approaches to the functions that will enable support to an organisation, there are also distinct differences in approach to some areas. Business Continuity (BC) is seen by many as a specialism or as an IT-related and based function rather than what it has grown to become. The definition for BC that is appropriate to apply to these notes is from ISO 22301:2012 (Societal Security – Business Continuity Management Systems – Requirements) whereby BC is a:

*'holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organisational Resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities'*

As a definition of the areas that BC covers, and of its aims, this is an appropriate starting point for further examination and analysis. We will not at this stage break the definition into words and components however it is useful to orientate thoughts towards the idea of what BC aims to achieve and where it may fit with the other organisational resilience sub-functions. There are many of these: disaster recovery (IT continuity); security management; risk analysis; crisis management and emergency management and planning. All are complementary and all contribute to BC. In considering 'primacy', that is which function supports the other; organisations and practitioners do need to be clear about what is important and where they fit together.

If one takes a subjective viewpoint, it can sometimes be difficult to assess with any accuracy the true worth of BC to an organisation. There is confusion, vested interest and silo activity that will always skew the bias of one function over another in the organisational hierarchy. However, to the professional practitioner (and to the unbiased and analytical academic), the evaluation of the value to organisations, and the contribution of the BC function and its contributors to the organisation, needs to be considered in terms of its workability, the efficacy of its functions and its ability to ensure continuity of service. Elliott, Swartz and Herbane (2010, 18) champion this approach and say that: 'The value based perspective is concerned less with compliance, regulations or technology failure than with the needs of the business itself.' Having previously considered audit and technology motives for and mindsets behind BC, they consider that the value offered to the organisation by BC is evident, but go on to add that: '...the auditing mindset is still in existence...' (2010,23). If this is indeed the case then Elliott et al's approach to BC, if that is what organisations should aspire to, has yet to be as embedded in organisations as would be desirable.

BC is not designed to manage threats and risks and it is not a forecasting tool (although the effective and proficient use of both will be beneficial to an organisation). Rather, BC is focused on the maintenance of products and services. There is therefore a considerable focus within BC standards, guidelines and texts on the **management of impacts**. In these notes the efficacy of BC will be discussed, its position within organisational hierarchies and structures will be considered, and the theory and application of models and systems will be analysed and applied.

## The Development of BC

It is instructive at this point to cover briefly the history and development of BC and its origins. The aim of this 'history lesson' should not be simply to list a series of dates and causal events, but to provide insight into the development of the BC function and its processes. In looking at the history it will be beneficial to the practitioner to identify the starting points for certain perceptions of BC elements. The development of BC towards its current status has been the result of changes and influencing developments in organisations, regulation and legislation in addition to reflection on, analysis of and response to events, incidents and other resilience issues. Learned experience, developed responses and observations from case studies all contribute towards the on-going evolution of BC.

Whilst avoiding a straightforward timeline the BCI Good Practice Guidelines or GPG (2013, 6-7) provide a brief outline history of BC and its development. In terms of the applicability of BC and its future '**shape**' it is perhaps more instructive to consider where trends in more recent years have focused BC activities and where it is possible that these activities and associated work streams will be directed for best effect. BC originates from the need to maintain IT continuity and capability; and, with the continuing growth of technology and societal reliance upon it, there is a clear basis for the future expansion of BC as a crucial contributor to overall organisational capability.

Therefore, it is an assumption that BC will continue to develop as a **management-aligned process** and the statement:

*"The 21st Century saw the determination to codify Business Continuity Management and classify it as part of the family of Management Systems Standards, following a path already forged by Quality, Information Security and Environmental Services" (GPG 2013, 7)*

provides a sound basis for further consideration. If the basis for our own approach is to better understand the importance and applicability of BC, and its wider place in the organisational functional process, then we should perhaps look further into what it may be, and what it may not encompass. Whilst there is a tendency to confuse, conflate and combine resilience functions the identification of points to consider is useful and instructive.

And, in line with that, as a relatively new and 'young' discipline BC is possibly uniquely placed as it should be capable of realigning itself with the changing organisational environment. As the profile of organisational behaviour changes in the face of demographic, technological and regulatory developments the properties of BC and the associated processes that need to be implemented will also be required to change. This is a normal and routine management and organisational concept and BC should be no different from any other. BC, as a function that has a direct focus on impacts on the organisation and its products and services, depends upon a dynamic and iterative capability to maintain effectiveness.

	BC	Security	Crisis	Emergency	DR (IS)
<b>Anticipate</b>	x	x	x	x	x
<b>Prevent</b>		x			
<b>Protect</b>	x	x	x	x	x
<b>Respond</b>	x		x	x	x
<b>Recover</b>	x		x	x	x

Fig 1. In considering the various ‘resilience’ sub-disciplines, it is instructive to assess the applicability and focus of each. All will aim to anticipate the potential for threats to materialise although BC will focus on impacts, along with Crisis and Emergency Management and Disaster Recovery. Security will tend to focus more on risk, and its probability of occurrence, and will attempt to prevent risk from leading to loss or damage. BC, Crisis and Emergency, and DR will focus less on prevention and be orientated towards response and recovery.

Therefore, the conflation of security with BC is erroneous. Whilst both have the objective of contributing to organisational resilience the functions are complementary and separable. Security requires barriers and preventative processes to be implemented, which may be designed to operate with balance of protection and inconvenience to the organisation. BC is not concerned with barriers, but with organisationally embedded management and systems that maintain capability, even when security procedures and risk management have failed.

Thus, the BCM System (BCMS) has by necessity been transformed into a collection of practices and associated processes which need to have the agility, flexibility and speed of response to be able to anticipate and manage impacts.

Equally as important, the task facing the BC practitioner is to be able to ensure that the BCMS and associated messages are not only complementary to, but also embedded within organisational processes and practices such that there is awareness and capability to the appropriate standard and at the appropriate level. To be an effective BCM practitioner against this shifting background and context, individuals and their teams will need in the future to be intellectually engaged and capable of researching potential areas of threat and impact and of applying the flexible and efficient BC process model to what will invariably be a dynamic and fast-moving operational context.

Any consideration of the direction of the future BCM programme should not only include analysis of the risks and impacts to an organisation but also of the profile of the organisation itself. Whilst we can speculate about what may be coming next it may be more difficult to visualize how organisations will operate and, importantly, what will be the expectations and demands of stakeholders. The current and future ‘human profile’ in market economies is becoming more demanding of service providers in terms of diversity of product, delivered to the location of their choosing in the shortest possible timescales. This puts increased pressure on organisational processes and outputs and this increased pressure can in turn expose gaps and areas of weakness. It follows, therefore, that all organisational functions, with BC amongst them, need to be capable of facilitating and meeting that demand.

Therefore, with these thoughts in mind, we should perhaps consider that the effectiveness of BC depends not only on acceptance, awareness and capability of people, but also on its ability to match systems that exist in the organisation. Whilst it may be argued that security and crisis management can be planned to some extent discretely from the organisational functions that they aim to protect, BC aims to preserve critical functions and should therefore, we may argue, be part of those functions rather than developed or perceived as ‘protective’. If we consider that the organisation cannot function without resource (probably a safe assumption), we should also consider that the organisation cannot function without organic and inbuilt continuity capability. If that is not the case then it is an equally safe assumption that the organisation will suffer failures.

## Processes, Models, and Structures

Because BC is in effect the application of a systemic approach to the management of systemic process and functions, it is suited to the use of models and framework processes to allow it to embed within a wider system. The adoption of framework based activity has its limitations – rigid application against a dynamic background has the potential to overlook change impacts and to become ineffective. However, the principles adopted by varied models show some commonality and it is useful perhaps to consider them here and to reflect upon their effectiveness. Regardless of the model or processes that are preferred or selected by an organisation to plan and implement a BCM and BCMS, the maintenance of key functions remain the sole, or at least primary objective.



Fig 2. This simple diagram represents a detailed and multi-activity process that is essentially what effect BCM is aimed at achieving. With business organisations at the centre firstly we have multiple inputs. These may be supply chain, information, financial resources and in our case security consultancy and appropriate measures. All of these inputs will feed into the organisation's core functions and will be processed through its systems to become outputs.

The outputs will be the organisation's products and services - those things that come from the organisation which differentiate it and make it attractive to a market. All organisational functions and processes are orientated towards delivering those outputs. An effective BCMS will allow the organisation to maintain the flow of continuity, into and out of it, and within in the operational and functional groups that are key to its viability.

It is practical and effective to apply models to this process and to associated wider internal and external processes to enable improvements and standardisation in management and implementation. This is less about an academic theoretical approach to the requirements of BC and more about the application and adaptation of known and trusted base formulae. Models provide a flow process through which the organisation is able to build its BC plans and processes and the evaluation of variations in modelling can assist in the selection of effective response and recovery plans, BC plans and BCMS construction. However, in effect, the scope of available, used and adapted modelling has narrowed to a significant extent, with the main sources of model guidance based upon common principles.

The basis of the 'Deming Cycle' (Plan/Do/Check/Act), originally proposed by Dr W E Deming in the 1950s, provides a start point and perhaps an ethos rather than a specific guide to organisations upon which they can base plans. There are multiple texts and guidance documents concerning the Cycle, which is widely applied; Arveson (1998) provides a simple introductory definition and makes some interesting observations:

*'Deming's focus was on industrial production processes, and the level of improvements he sought were on the level of production. In the modern post-industrial company, these kinds of improvements are still needed but the real performance drivers often occur on the level of business strategy. Strategic deployment is another process, but it has relatively longer-term variations because large companies cannot change as rapidly as small business units.'*

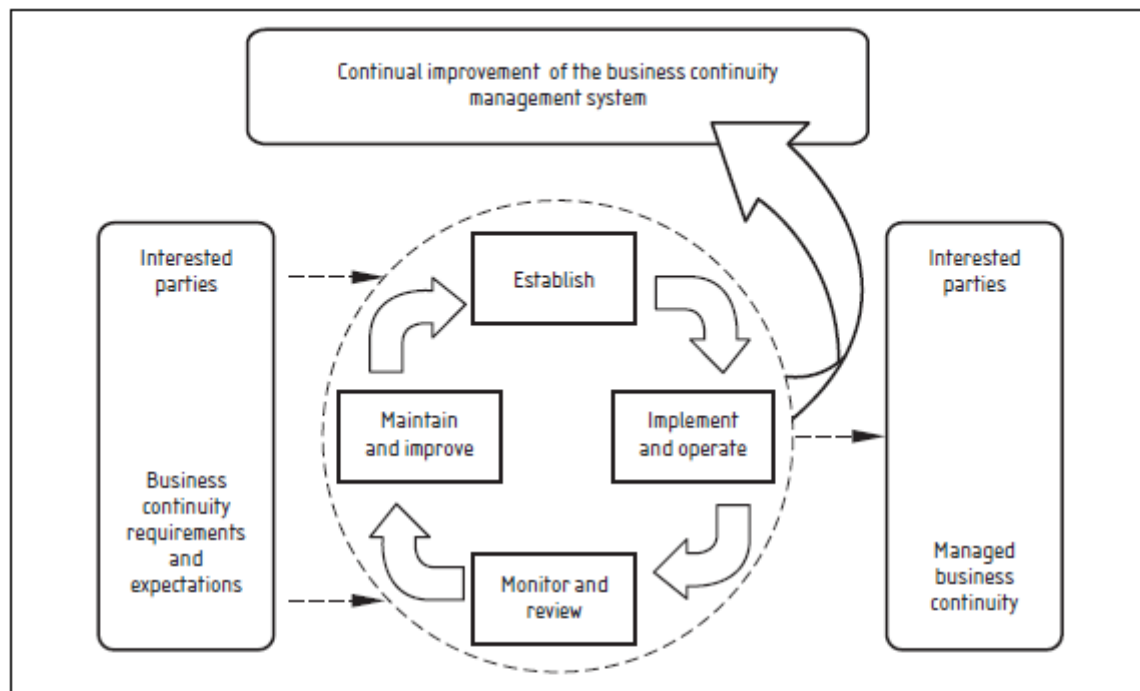
Arveson goes on to make the observation that the Cycle may be broken into what he terms as a 'wheel within a wheel', according differing levels of sub activities to business units within wider organisations. If it is a reasonable assumption that the Cycle is equally able to inform strategy as it is to manage business unit process and function, then it can be applied more widely. In the case of BC models and guidance the application is now almost universal. In making a comparison between current models and practice we can see that all share Deming's Cycle as their foundation; and this is normally clearly stated.

Although the models that are generally in use and published are varied and reflect regional, national and organisational approaches, standards and guidelines provide them to illustrate and guide. One of the earliest approaches to standardising BCM, PAS 56, used a simple lifecycle based on Deming:



Fig 3. Adapted from BSi, PAS 56

It is not difficult to link PDCA to this simple model, neither is it problematic to use a parallel approach to that of Arveson and to consider that this model may be applied not only at the strategic level, for the overarching BC policy and implementation, but also for the sub processes and other BC activities that should be conducted at lower and more localised levels within the central organisation and that of its stakeholders and partners. As BC expanded and moved forward, the PAS 56 approach was adapted and became the basis for the model used in the first published and widely recognised standard, BS 25999, and there was an explicit and notified link to PDCA here:



<b>Plan</b>	Establish business continuity policy, objectives, targets, controls, processes and procedures relevant to managing risk and improving business continuity to deliver results in accordance with an organization's overall policies and objectives.
<b>Do</b>	Implement and operate the business continuity policy, controls, processes and procedures.
<b>Check</b>	Monitor and review performance against business continuity objectives and policy, report the results to management for review, and determine and authorize actions for remediation and improvement.
<b>Act</b>	Maintain and improve the BCMS by taking preventive and corrective actions, based on the results of management review and re-appraising the scope of the BCMS and business continuity policy and objectives.

Fig 4. Source: BS25999:2, 2

In the case of BS 25999, PDCA has been linked to the development of a specific planning and implementation model that is generic at its core, but is then explained and expanded upon in the identification of where the Standard proposes that there is a direct correlation between the two. The Deming Cycle has thus, in this case, been appropriated to provide a straightforward and simple guide that may be used to inform compliance and adherence to the Standard's wider requirements. Interestingly, this can be aligned to wider organisational strategies, should the Deming Cycle be used within that particular organisation. Of course the converse may be the case – if the Cycle is not applied in other ways by the organisation, BC planning may be misaligned with it.

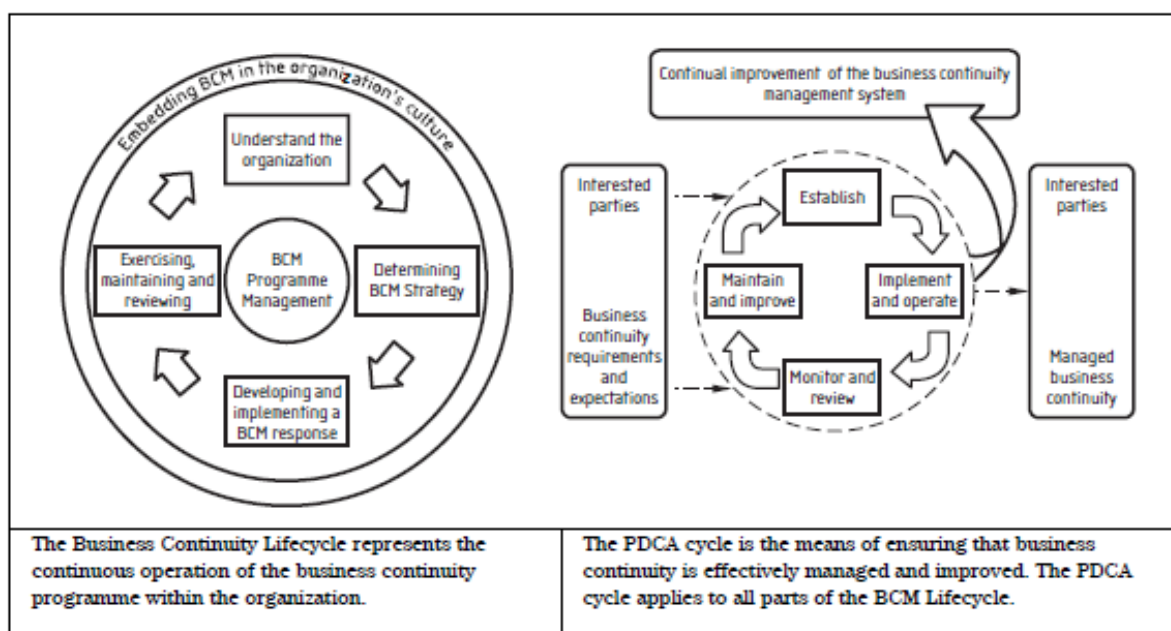


Fig 5. Source: BS25999:2, 3

The Business Continuity Lifecycle, introduced in BS 25999, is clearly linked here and the linkages are explained and rationalised within the Standard itself. The continual improvement of the BCMS is the required outcome of the PDCA Cycle and the Standard proposes the Lifecycle as the required and demonstrable process guideline. BS 25999, and the associated guidance such as the BCI's Good Practice Guidelines (and numerous guidance books) then provided an auditable route for the application of the Lifecycle by subdividing the lifecycle into what the BCI (2013), and in all iterations of its guidelines, terms 'professional practices'. We are thus now seeing the development of recommended process that moves into the establishment of detailed process and sub process that is able to be applied across an organisation in the pursuit of BCMS improvement.

In line with the systemic nature of this cyclical approach and the underpinning concept of continuous improvement, it is perhaps inevitable that models such as that in PAS 56 develop into that offered in BS 25999. Inevitably, the dynamics of organisations, business processes and other factors such as differing management systems, and even societal behaviours, will require models to be adapted and changed to maintain alignment, effectiveness and further continuous improvement.

The next iteration Standard, ISO 22301:2012, explicitly applies the PDCA approach and this again informs the detail of its content. This in turn informed further development of the processes considered to be the components of an effective BCM Lifecycle, and the issue of the BCI's 2013 Good Practice Guidelines, the fourth iteration to date. The Lifecycle that is recommended is a development of the BS 25999 and BCI GPG 2010 versions and refines the professional practices further.





Fig 6. Source: GPG 2013, 13

Therefore we can see that there has been a developmental process to reach this point. The examples that we have considered are illustrative of the developmental approach taken by aligned organisations such as the BSi and BCI towards providing standardised and applicable guidance. It is noteworthy of course that there are more standards, guidelines and models than those used here.

### **Compliance, Governance and Regulation**

Organisations are governed by the law and regulation and by other functional requirements such as corporate governance; and some will aim to comply with standards to ensure that they are able to evidence quality and capability. There is a clear requirement for standards and compliance in wider organisations and there are multiple standards across different countries and sectors, and sponsored by different industries and sectors, to provide the necessary guidance and structures. BC practitioners and managers need to be aware and circumspect when considering legislation and its implications. The BCI provides a useful document (BCM Legislations, Regulations and Standards) that provides a relatively definitive listing of international approaches to BCM and associated publications. That this document is republished annually is perhaps an indication of the dynamic and fluid environment in which BC must embed itself and with which it should keep pace. The BCI makes it clear in this document that there is a range of legislation which may appear to lie outside the obvious scope of BC activities. In reality because BCM is a *holistic business process* there will be very many legislative issues which will impinge upon resilience activities and for the thinking (and by implication capable and effective) BC professional, detailed assessment of the varied elements which could have an effect will need to be considered.

There is no real body of harmonised criminal law, civil liability law and/or health and safety law – and others which may affect BC except where specific issues have been legislated for under International Law. Most countries will have similar laws of course - but each will be individual to that country and there will be distinct and separate compliance and sanction issues. Examples of where generic legal requirements may be applicable will be in the areas of data protection and freedom of information, corporate manslaughter and health and safety. These are more obvious influences on organisational activity; however; there will be many more globally. The BCI Legislation, Regulation and Standards Guide (2013), identifies a proportion of those. And in a similar way to dealing with legislation, BC practitioners should have full awareness of the regulatory requirements which may be placed upon the organisation as a component of its business or other

activities. Failure to comply with regulation can lead to criminal and civil legal proceedings being taken against organisations. The activities involved in planning for BC and associated functions will only be effective if compliant with the varied regulatory requirements linked to them – across the organisation. There tends to be misunderstanding amongst managers about standards, their functions and applicability. Standards are not regulations and although there may be linkage to the law they provide a guidance framework for organisations that wish to comply with them.

Guidelines are designed to assist the practitioner or manager to fulfil obligations and conduct organisational activity. Because they are a distillation of good practice and normally reflect a depth of knowledge based upon managerial, operational and academic activity and research, it is worthwhile using available guidelines as a framework for activities.

One of the problems with regulation is that when rules and regulations are made without any input from the industry that such rules are meant to regulate then those rules have, at best, little respect or moral authority and at worst, are irrelevant to, or impracticable within that regulated industry. Likewise, when regulations are passed but not implemented or enforced, they can often cause more problems than they cure: those who are regulated and initially implement changes and follow best practice can become lax where enforcement is weak and costs rise.

However, the industries and sectors which do self-regulate must *de facto* involve themselves in the regulatory process and adopt best practice and change when necessary. Self-regulation should ensure transparency and maintain the aims of meeting higher legislative, moral and ethical responsibilities alongside the need to meet operational, functional and output process requirements. If self-regulation is not (or cannot be) adopted by an industry, it will be regulated externally. This will inevitably remove an element of control and input by the industry itself. The task facing BC is that practitioners, managers and organisations must understand that there is a need to be compliant whilst fulfilling continuity responsibilities and requirements alongside and in support of wider business aims.

There is a wide diversity of stakeholders within and external to most organisations. Education and information for these stakeholders is crucial to ensure that corners are not cut and gaps are not allowed to develop. The legal and regulatory frameworks in place will be particularly unforgiving if negligence or omission contribute to lack of compliance. Similarly, signing up to standards requires an organisation to demonstrate compliance and required performance in order to prove to stakeholders that performance and planning ‘targets’ can be met.

## **Summary**

It is perhaps a measure of wider organisational capability (or ineffectiveness) that many do not effectively address any of the functions within the Deming Cycle and, if that is the case, then a BCMS aligned with such an organisation will be equally ineffective. The converse will of course be true. In tandem with this idea is the concept of interlinking with other processes, standards and guidelines. If BCM is an embedded function and process, then it should be reflective not only of what is happening within the organisation and its stakeholder activity, but also of the requirements of the standards and guidelines that other functions use. BC is a business process like any other in its need to enable business objectives. Effective BC will rely upon resourcing from other areas: finance, supply, human resources for example. All of these areas have their own compliance, governance and regulation requirements to follow and to which they must adhere. They will also not be generally focused on the BC objective as their main aim and effort; therefore the application of the models that we discussed cannot be done in isolation.

## References:

Arveson, P (1998) The Deming Cycle, Balanced Scorecard Institute  
<http://balancedscorecard.org/?TabId=112>

Business Continuity Institute (2013) *BCM Legislations, Regulations and Standards*, Caversham: BCI

Business Continuity Institute (2013) *Good Practice Guidelines Global Edition*, Caversham: BCI

Elliott D, Swartz E and Herbane B (2010) *Business Continuity Management: A Crisis Management Approach*, New York: Routledge.

BSi (2012) *ISO 22301:2012 Societal Security – Business Continuity Management Systems – Requirements*, London: BSi

## See also:

BS25999:2  
PAS 56

