

Weathering the storm

The 2013 Business Continuity Management Survey



March 2013

Ben Musgrave and Patrick Woodman



In association with



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Finally, the authors and research partners would like to thank all the CMI members who took the time to respond to the survey. We hope the report will be useful to you in improving your own organisations' BCM arrangements.

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Foreword

I am very pleased to contribute to the publication of the CMI Business Continuity Report, which this year focuses on the disruptive impact extreme weather can have on British Businesses.

Most readers of this report will have experienced for themselves some of the problems caused by the significant snowfall that has hit the UK over the last three years and will not be surprised by its finding that winter weather has caused widespread disruption to businesses across the country. The report also shows that many of the organisations surveyed felt the impact of this disruption financially – and in an economic climate when few if any business could afford it. The report begins to put a figure on the cost of that disruption, with a concerning proportion of businesses suffering costs of more than £10,000 as a result of this year's snow alone

But what I find heartening is the report's clear message that effective business continuity planning improved the resilience of businesses to the disruption of harsh weather. Companies with robust plans in place recovered more quickly from the effects of extreme weather, contributing to the improved resilience of their company, their community and to the overall resilience of UK plc.

Of course, resilience planning is not just about being prepared for the impact of extreme weather: I'm sure our fellow sponsors, the Business Continuity Institute and the British Standards Institution, will join CCS in welcoming the report's finding that the adoption of business continuity planning to mitigate a range of potentially disruptive – and costly – risks, continues to grow. Their work in continuing to promote BCM to businesses and organisations across the UK helps us enormously to meet our commitment to support all companies, but especially SMEs, improve their resilience to disruption.

I would therefore like to finish by urging companies who have yet to protect their essential activities to do so before winter 2013. A good start would be to make use of the recently published Business Continuity for Dummies Guide, which demonstrates that, even for the smallest firms, business continuity is achievable.

Campbell McCafferty
Director
Civil Contingencies Secretariat

Executive Summary

- **Disruptive weather** – severe weather conditions remain the leading cause of disruption to organisations across the UK, for the fourth consecutive year.
- **Impact of 2013 snow** – managers in organisations affected by snow in early 2013 report an average (mean) financial cost to their business of as much as £52,770. The most common effects were staff being unable to come to work due to travel disruption or school/childcare closures, and the cancellation of business meetings. Only 23 per cent reported no disruption whatsoever from snow.
- **Preparedness for snow** – 56 per cent of respondents report that their organisation has formalised its arrangements for managing the impact of severe weather as a result of the last three years' heavy snow, yet 10 per cent of managers still admit that they were unprepared for this year's snow.
- **Managers' attitudes to business continuity management (BCM)** – 89 per cent of managers agree that ensuring continuity of operations is one of their key responsibilities as a manager. Eighty-two per cent say they are familiar with the concept of BCM and 80 per cent say their senior management sees BCM as quite or very important. Despite these encouraging attitudes, a smaller (albeit growing) number actually have BCM arrangements in place.
- **Use of BCM** – 63 per cent of respondents report that their organisation has BCM arrangements in place, a modest but encouraging increase since last year (61 per cent). There has been a notable rise in its adoption in the private sector, although the public sector continues to lead the way.
- **The business case for BCM** – 87 per cent of managers whose organisations activated their BCM arrangements in the last 12 months agree that it effectively reduced disruption; 81 per cent agree that BCM costs are justified by the benefits to the organisation.
- **Benefits of BCM** – of those who have BCM arrangements in place, 86 per cent believe it improves business resilience, 74 per cent say it helps protect their reputation, and 72 per cent believe it meets customer requirements. Eighty-five per cent say it helped their organisation to recover from disruption more quickly than would otherwise have been the case.
- **Drivers of BCM** – among organisations with BCM in place, corporate governance remains the biggest driver, highlighted by 52 per cent. However, many organisations are only acting reactively, with direct experience of an emergency/crisis rated as the second biggest driver (42 per cent) ahead of customer demands (38 per cent). Many organisations could ask more of their suppliers when it comes to BCM.
- **Reasons for not having BCM** – of those managers whose organisations do not have BCM, 45 per cent claim that their business is rarely affected by disruption. Forty-three per cent state that they will deal with disruption as and when it happens and 37 per cent state that BCM is not a priority.

1. What is Business Continuity Management?

Managers have a responsibility to ensure the continuation of business operations when an organisation faces potential disruption. Business Continuity Management (BCM) is a framework for identifying potential threats to an organisation and building organisational capability to respond to such threats, in order to safeguard the interests of key stakeholders, reputation, brand and value-adding activities. Organisations use BCM in order to protect their people, assets, reputation and ultimately the bottom line.

The development of BCM has been supported by two International Standards in business continuity, ISO 22301 and ISO 22313. These standards now supercede the earlier BS 25999 and should further increase the use of international best practice in business continuity. Information on ISO 22301, ISO 22313 and other resources can be found at the back of this report.

BCM is not only important to individual organisations. It also forms an essential part of the UK's wider national security arrangements. The potentially significant contribution that small and medium sized enterprises (SMEs), in particular, may make to communities during large-scale disruptions has been increasingly recognised. As such, the Government pledged in the 2010 Strategic Defence and Security Review to support SMEs to improve BCM through a new corporate resilience programme.

The adoption of BCM in certain parts of the economy is actively promoted by Government policy. The Civil Contingencies Act (2004) introduced a requirement for all frontline responders – such as the emergency services – to develop and maintain BCM arrangements. From 2006, the Act also placed a duty on local authorities to promote BCM to business and voluntary organisations in their communities. And in 2008, the Pitt Review on the previous year's flooding called for urgent changes to the way the UK protects itself from flooding, including the use of BCM.

1.1 About the survey

CMI first surveyed its members on BCM in 1999 and since 2001, we have published an annual report on the subject. The fieldwork for this, the fourteenth instalment in the series, was conducted in January and February 2013 in conjunction with the Business Continuity Institute (BCI), the British Standards Institution (BSI), and the Civil Contingencies Secretariat in the Cabinet Office.

The sample was selected from CMI's membership, with 25,000 individuals sent a link to the survey by email. A total of 637 responses were received (see Appendix B for details of the sample). As in previous years, the sample group represents general managers across UK organisations, rather than those with specific responsibility for BCM, and as such offers insights on how far BCM has permeated into the mainstream of business operations.

The survey is structured in such a way that all respondents may answer general questions about their experiences of disruption over the last 12 months. Only those managers who report that their organisation has BCM are asked more detailed questions on topics such as its scope, its integration into the organisation and its effectiveness.

2. Understanding risks and potential disruptions

2.1 Perceptions of threats

A central purpose of BCM is to help organisations deal with disruptions arising from a variety of sources. The survey has tracked managers' perceptions of possible threats facing their organisations and asks respondents which disruptions would have a major impact on their organisation. The top three most commonly perceived threats were the same as in 2012: loss of IT, loss of access to site and loss of telecommunications.

Threats	Perceptions of threats in previous years						Increase/ decrease %
	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	
Loss of IT	73	71	69	67	72	63	-9
Loss of access to site	63	55	56	56	58	53	-6
Loss of telecommunications	68	59	62	55	61	52	-9
Loss of electricity ¹	-	-	-	-	-	49	n/a
Loss of skills	62	52	55	53	58	48	-10
Loss of people	59	54	52	51	54	47	-8
Fire	58	48	55	51	55	46	9
Damage to corporate image/brand/reputation	55	52	51	51	55	45	-10
Extreme weather e.g. flood/high winds	46	44	48	45	47	43	-4
Terrorist incident	53	42	46	43	47	40	-7
Negative publicity/coverage	51	41	41	42	44	39	-5
Employee health and safety incident	44	40	38	34	35	35	0
Transport disruption	-	-	37	35	36	34	-2
Loss of water/sewage	-	-	41	36	39	32	-7
Supply chain disruption	37	31	36	34	34	30	-4
Environmental incident	36	31	29	27	30	30	0
Loss of gas	-	-	-	-	-	27	n/a
Customer health/product safety incident	35	28	29	28	31	27	-4
Industrial action	26	24	29	27	32	26	-6
School/childcare closures	-	-	17	18	21	20	-1
Pressure group protest	27	21	19	17	21	20	-1

Table 1 % of managers who think threat would have significant impact on costs and revenue (base 637)

2.2 Sources of disruptions

The survey tracked the biggest sources of disruption caused by a wide range of threats for managers. Extreme weather was the biggest source of disruption followed by loss of people and loss of IT. Those reporting extreme weather as being a cause of disruption increased by five percentage points since last year's report. This could partly be explained by the fact that heavy snow started falling shortly after the survey went live. Loss of people and transport disruption, both potentially associated with extreme weather, also saw increases from last year by eight and seven percentage points respectively.

Threats	Disruptions experienced in previous years						Increase/ decrease %
	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	
Extreme weather e.g. flood/high winds	29	25	58	64	49	54	+5
Loss of people (due to illness)	35	24	28	34	34	42	+8
Loss of IT	43	40	35	34	39	40	-1
Loss of telecommunications	30	23	20	20	24	27	+3
Transport disruption	-	-	22	30	20	27	+7
Loss of access to site	16	13	22	26	20	24	+4
School/childcare closures	-	-	18	17	22	20	-2
Loss of electricity	-	-	-	-	-	20	n/a
Loss of key skills	21	14	15	18	19	18	-1
Supply chain disruption	12	9	13	19	15	14	-1
Employee health & safety incident	17	16	14	15	16	12	-4
Customer health/product safety incident	7	4	6	7	7	12	+5
Loss of water/sewerage	-	-	6	9	8	10	+2
Negative publicity/coverage	18	14	9	11	13	10	-3
Industrial action	7	7	4	6	22	8	-14
Damage to corporate image/reputation/brand	10	11	22	10	10	8	-2
Environmental incident	7	7	5	7	6	6	0
Pressure group protest	6	7	6	6	8	6	-2
Malicious cyber attack	-	-	-	4	6	5	-1
Loss of gas	-	-	-	-	-	4	n/a ²
Fire	5	5	4	4	6	4	-2
Terrorist incident	3	2	1	2	2	2	-

Table 2 Disruptions experienced by organisations 2008-2013 (base 637)

The largest decrease from last year was disruption caused by industrial action (by 14 percentage points). This is in line with ONS statistics highlighting a peak of industrial action towards the end of 2011, which would have been reflected in respondents' accounts in the 2012 edition of the survey.³

2.3 Impact of disruption

Reduced revenue and reputational damage were the two most common effects of disruption cited by respondents who had experienced disruption in the last 12 months. These were followed by two related categories; loss of new business opportunities and increased media scrutiny. In light of the economic situation in the UK, it is obvious that loss of new business opportunities and increased media scrutiny could have serious consequences for organisations.

2. As Note 1 - previously a combined option.

3. <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2013/table-labd02.xls>

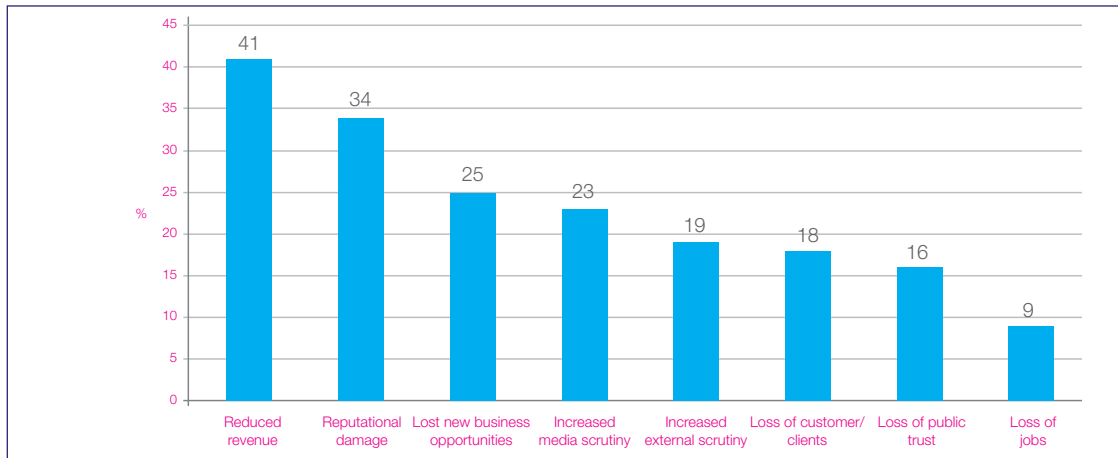


Figure 1 % of managers experiencing significant organisational impact as a result of disruption. (Base: 399 excludes respondents not experiencing significant disruption).

Organisations without BCM arrangements experienced higher levels of impact from disruption in all areas except reputational damage as can be seen in Table 3 below. This highlights the potential value of BCM in protecting an organisation's revenue. The counter-intuitive finding about reputational damage may indicate that those organisations with BCM are inherently more exposed to reputational issues – potentially an important reason for adopting BCM.

Organisations with BCM arrangements in place	%	Organisations without BCM arrangements in place	%
Reputational damage	37	Reduced revenue	55
Reduced revenue	36	Lost new business opportunities	29
Lost new business opportunities	24	Loss of customer/clients	25
Increased external scrutiny	23	Reputational damage	23
Loss of public trust	20	Loss of public trust/increased scrutiny	8

Table 3 Top five types of impact of disruption for organisations with and without BCM arrangements

3. Snow and winter weather

3.1 Preparedness for extreme winter weather

Extreme weather may, according to the Environment Agency, become a more regular fixture in the future. In 2012 alone, the Environment Agency estimated that there were 78 days of flooding and 95 days of official drought, highlighting the challenges businesses face in preparing for extreme weather. This implies that managers and their organisations will need to take extra vigilance in mitigating the impact of disruption.⁴

This latest survey sought to understand whether the experience of the last three years' extreme winter weather has affected the way that organisations plan for disruptive weather. During the survey fieldwork, the UK again experienced disruptive snow and gales of a similar nature to the previous three years. This persisted for 10 days in January making it the most wide spread and prolonged

4. Environment Agency. (2013). Britain must act now to deal with extreme weather. Available at: <http://www.environment-agency.gov.uk/news/146242.aspx>

snowfall in the UK since the ‘Big Freeze’ of November/December 2010.⁵ The Big Freeze was blamed for most of the 0.6 per cent fall in GDP in the fourth quarter of 2010;⁶ and with the latest ONS statistics highlighting a 3 per cent decline in manufacturing output in January 2013 compared to the year before, this year’s snow may have a similar effect on the economy.⁷

Fifty-six per cent of respondents reported that their organisation had formalised its arrangements for managing severe weather as a result of the heavy snowfall over the last three years. Extreme weather was a greater catalyst for public sector organisations who were more likely to have taken action (64 per cent) than their private (52 per cent) and not for profit counterparts (55 per cent).

Eighty-two per cent of respondents describe their organisation as well prepared for heavy snow (a decrease of 2 percentage points from last year’s results). Of these, 35 per cent were very well prepared and 49 per cent were fairly well prepared. Rather worryingly one in 10 respondents admit that their organisation was not prepared for this year’s snowfall.

Organisations with BCM were markedly better prepared for heavy snow this year compared to those without, with 90 per cent of the former stating preparedness compared to 68 per cent of the latter. Heavy snowfall over the last three years also prompted 64 per cent of organisations with BCM to improve their arrangements for managing severe weather disruption, nearly double the percentage for organisations without BCM arrangements in place (33 per cent).

3.2 Organisational impact of extreme weather

Staff being unable to come into the office either due to travel disruption (63 per cent) or school closures/child care costs (46 per cent) were the most common effects of the extreme weather, followed by external meetings or business trips being cancelled (43 per cent of respondents).

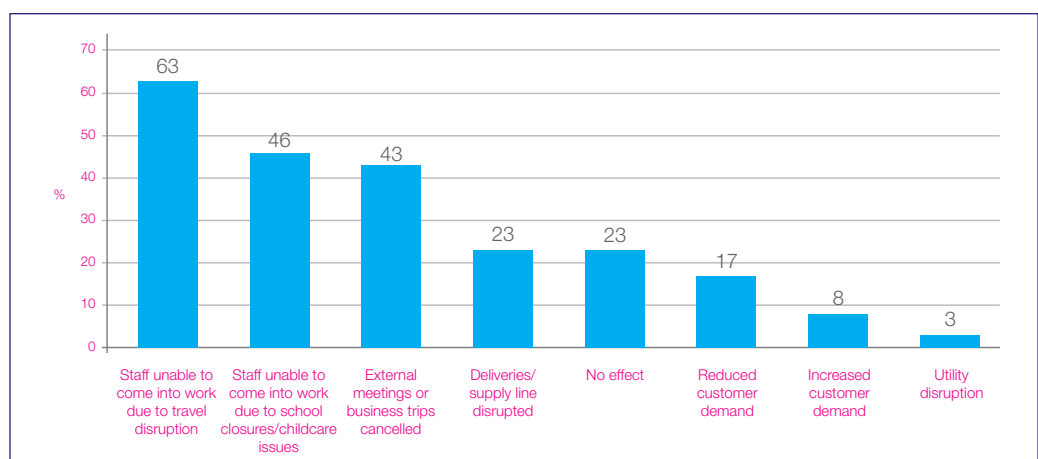


Figure 2 Organisational impact of extreme weather

In order to mitigate the effects of disruption, organisations took a range of steps as demonstrated in Figure 3. The most common of these measures were to allow staff to work remotely, to prioritise resources on key projects and to postpone work until the weather improved. Fifty per cent of organisations experiencing staff shortages allowed staff to work remotely.

5. Met Office. (2013) <http://www.metoffice.gov.uk/about-us/how/case-studies/january-2013-snow>

6. (2011). GDP Growth UK Output decreases by 0.5%. Available at: <http://www.statistics.gov.uk/cci/nugget.asp?id=2294>

7. <http://www.ons.gov.uk/ons/rel/iop/index-of-production/january-2013/stb-iop-jan-2013.html>

Allowing staff to work remotely and prioritising resources on key projects are both components of good BCM. Yet, the disparity between these figures and the number of respondents who believe that their organisation activated BCM arrangements (18 per cent) as a result of weather suggests organisations are essentially ‘doing BCM by another name’. While this can provide an adequate short term fix, developing formal BCM arrangements would provide organisations with an opportunity to take a coherent and comprehensive look at key business activities and is likely to provide more robust solutions for the long term.

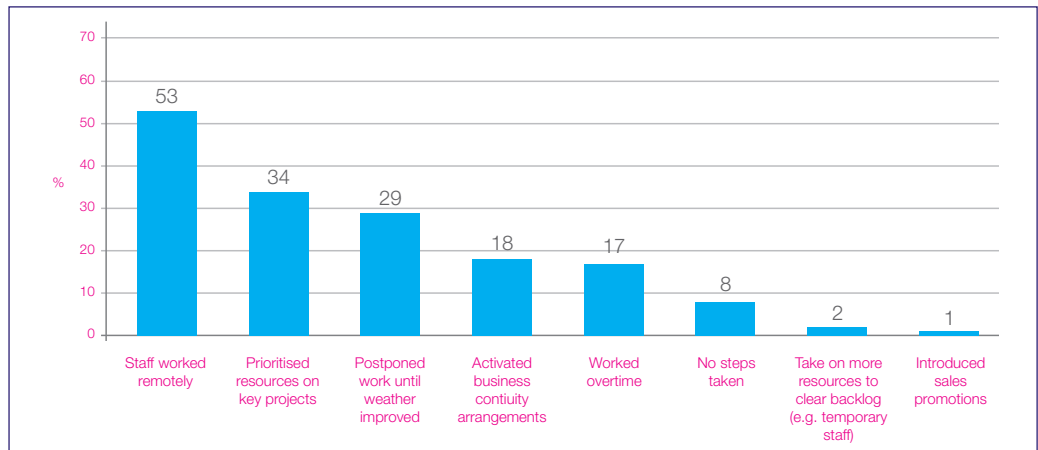


Figure 3 Management responses to the weather

3.3 Financial cost of disruption

The 2013 survey asked respondents who had experienced disruption to estimate the cost (i.e. in terms of lost business and increased cost of work) that this had on their organisation.

Overall, 42 per cent of respondents estimated there to be no direct financial cost, 30 per cent estimated disruption to cost up to £10,000, 8 per cent estimated disruption to cost between £26,000-£50,000 and 3 per cent of all organisations experiencing disruption estimated the cost to be £1 million plus.

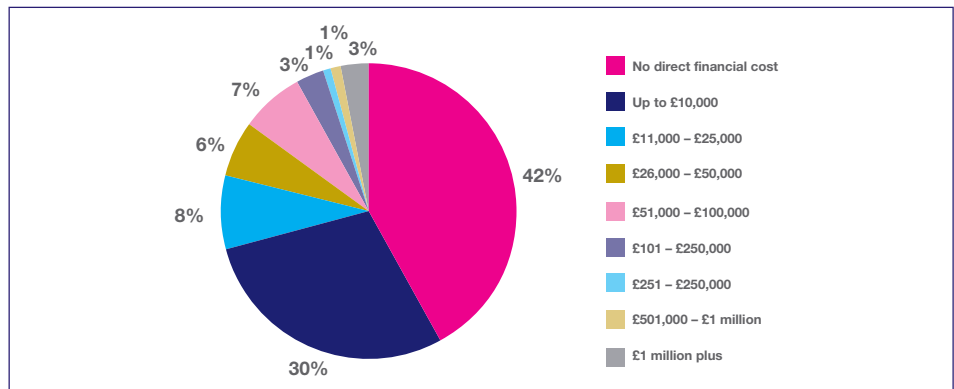


Figure 4 Organisations experiencing disruption: estimated cost of disruption (base: 432)

The average (mean) financial cost of disruptions per organisation was £52,770 (including organisations who had estimated no direct financial cost) whereas the mode was up to £10,000.

There were also variations in financial cost of disruptions depending on annual turnover of organisations. As expected, respondents from organisations with larger annual turnovers estimated higher amounts for the cost of disruption. Intriguingly, managers in public sector organisations also reported higher average costs. The sector experienced a mean average of £72,919 compared to £53,433 and £11,572 for the private and not for profit sectors respectively.

4. The extent of Business Continuity Management

4.1 Levels of Business Continuity Management

This year's data shows an upward trend in the number of organisations with BCM, with adoption rates up by two percentage points since last year. This is seemingly being driven by the private sector, which saw an increase of 6 points in the number of organisations adopting BCM.

Public sector organisations are still more likely to use BCM than private companies (72 per cent compared to 58 per cent). However, when public sector rates of BCM are compared with large private sector organisations, the contrast is less pronounced, with 70 per cent of large private sector companies adopting BCM.

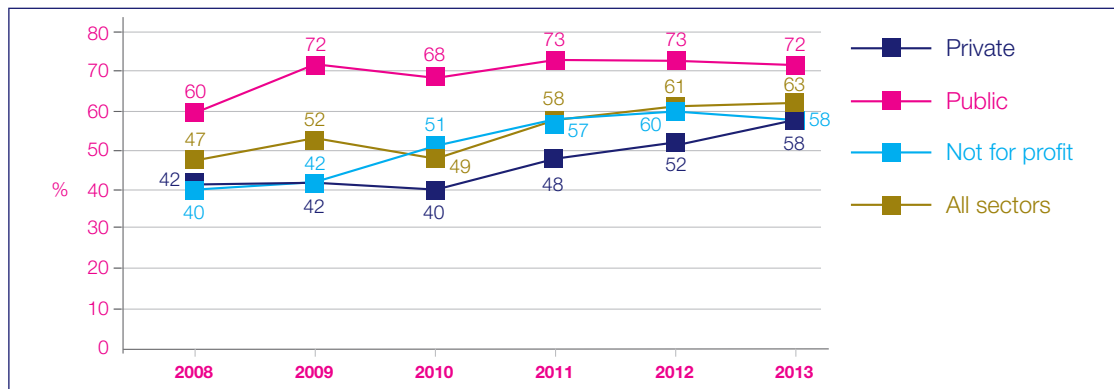


Figure 5 Managers whose organisations have BCM (2008-2013)

The overall increase in levels of BCM should be viewed in a context of fluctuating and thus unpredictable levels of disruptions over the last five years (as seen in section 2). Yet, the fact that direct experience of an emergency/crisis is the second biggest driver of BCM in 2013 (explored further in section 5.5) suggests that many organisations are still being more reactive than proactive in dealing with potential and actual disruption.

4.2 Variations between size of organisation

As Figure 6 shows, BCM arrangements vary depending on size of organisations.⁸ Large organisations are more likely to have BCM than either their medium, small or micro counterparts. Small organisations have also overtaken medium in terms of the overall percentage using BCM.

8. Based on the following definitions of organisation size: Micro = 1-10 employees
Small = 11-50 employees Medium = 51-250 employees Large = over 250 employees

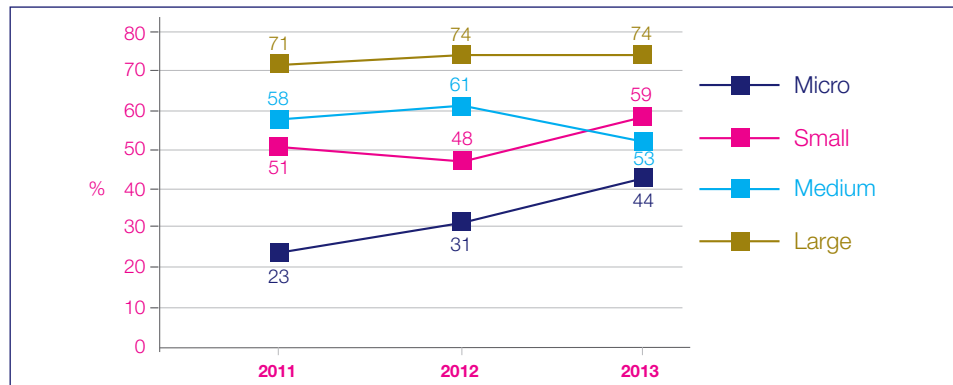


Figure 6 Percentage of organisations with BCM by size

4.3 Attitudes towards BCM

The survey included new questions exploring managers' familiarity with the concept of BCM and its implications for managers responsibilities. Eighty-nine per cent of managers agree that ensuring continuity of operations is a key responsibility for them as a manager, and 82 per cent agreed or strongly agreed that they were familiar with the concept of BCM – yet conversely, a relatively low number – 30 per cent – agree that BCM arrangements are someone else's responsibility, with 48 per cent disagreeing. This correlates with the fact that a larger percentage (64) agree that they have a defined role to play in the event of a disruption than disagree (17 per cent).

Eighty per cent of respondents report that their senior management team considers BCM as quite important or very important, the same percentage as last year. This breaks down across sectors as 89 per cent of public sector, 85 per cent of not for profit and 73 per cent of private sector respondents.

Only 10 per cent of respondents report their senior management team considers BCM to not be important. Yet, with only 63 per cent actually adopting BCM, there remains a gap between rhetoric and reality; between those describing BCM as important and actually implementing arrangements.

4.4 How long have organisations had BCM?

Twenty-one per cent of managers report that their organisation has introduced BCM within the last two years. This is a slight increase from last years' survey which suggests that more organisations are beginning to adopt formalised arrangements, a conclusion that would be consistent with the rising overall number of organisations with BCM.

How long has your organisation had BCM?	%
Less than a year	6
1-2 years	15
3-4 years	20
5-10 years	28
More than 10 years	17
Don't know	14

Table 4 Length of time organisations had BCM arrangements in place

5. Developing the business case for BCM

5.1 The benefits of having BCM arrangements

BCM's central purpose is to support organisations to continue to deliver key products and services while coping with disruption. In line with this, the survey asked managers' views on the general benefits of having BCM arrangements in place within their organisation. The responses were overwhelmingly positive with managers reporting a variety of benefits that included: improved business resilience (86 per cent), reputation protection (74 per cent), meeting customer requirements (72 per cent), and safeguarding staff safety (71 per cent).

Forty-four per cent of private sector managers also say that having BCM arrangements provides competitive advantage compared to only 19 per cent in the public sector and 25 per cent in the not for profit sector, demonstrating the importance with which it is held within the business world.

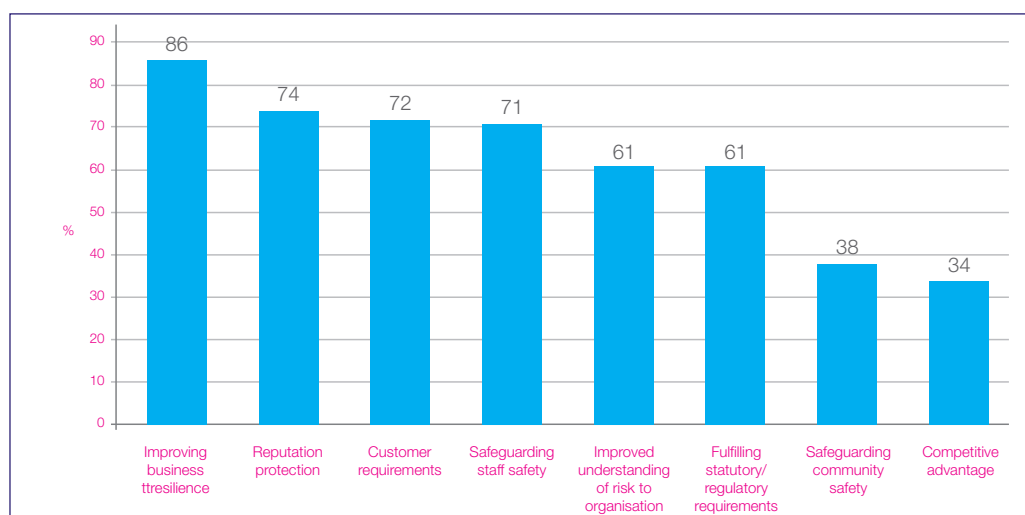


Figure 7 Managers' views on the benefits of BCM

5.2 Reasons for activating BCM arrangements over the last 12 months

Extreme weather was the most commonly cited reason for organisations activating BCM over the last 12 months, identified by 69 per cent of managers. Loss of IT and loss of telecommunications were the second and third most popular reasons (cited by 38 and 24 per cent of managers respectively).

Reason	%
Extreme weather e.g. floods/winds/snow	69
Loss of IT	38
Loss of telecommunications	24
Loss of electricity	20
Loss of people (e.g. due to illness)	15

Table 5 Top five reasons for organisations activating BCM arrangements over the last 12 months

5.3 The effectiveness of BCM

In line with previous years' surveys, the vast majority of managers agree that BCM helps to reduce disruption. Eighty-seven per cent of managers who had activated their BCM arrangements in the past 12 months agreed that it effectively reduced the impact of the disruption. Only 4 per cent disagreed.

There is also agreement amongst 85 per cent of respondents that their BCM arrangements enabled their organisation to return to normal operations more quickly than otherwise would have been possible. A further 81 per cent agree that the cost of developing BCM is justified by the benefit it brings, which again underlines the business case.

Only 48 per cent of respondents believe that their BCM arrangements support employees after recovery or cater for the personal/family resilience of employees. This suggests that a greater focus on the human cost of disruption should be considered in the future.

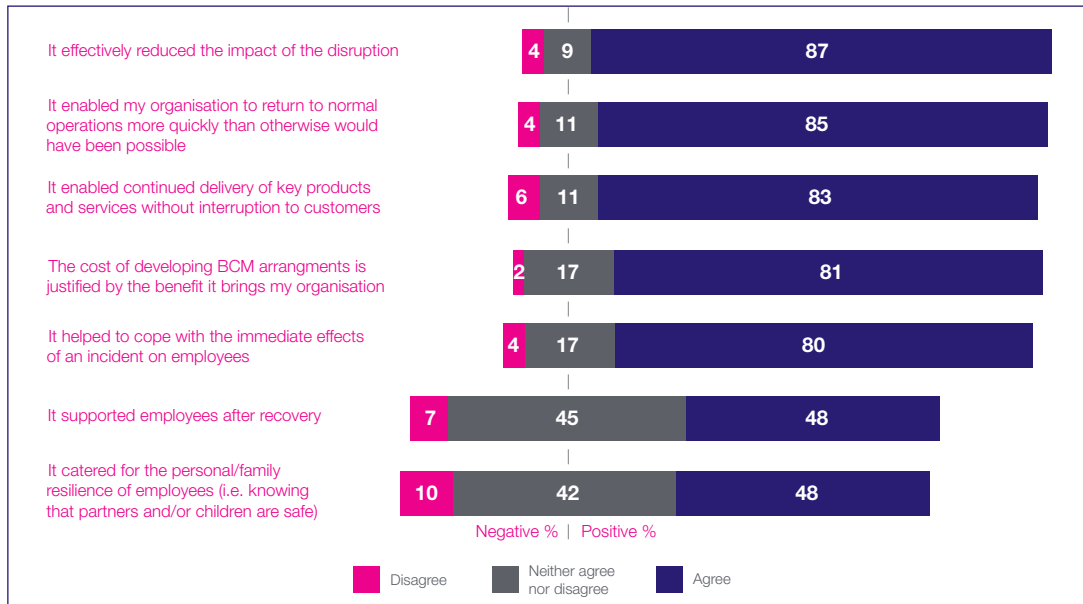


Figure 8 Managers' views on the effectiveness of BCM

Neither size nor sectors were determining factors for the 81 per cent who agreed that the benefits of developing BCM arrangements outweigh the costs. Eighty-three per cent of managers from micro businesses were in agreement, as were 89 per cent of managers from the largest organisations. Likewise, the benefits of BCM are experienced by the majority of managers from all sectors.

The 2013 survey also asked managers how quickly their organisations had recovered from disruption. Those with BCM arrangements recovered substantially quicker than organisations without, as Table 6 demonstrates. This reinforces the business case for BCM, particularly when viewed in a context of reduced disruption as a result of activating BCM arrangements over the last 12 months.

Speed of recovery	Organisations with BCM arrangements %	Organisations without BCM arrangements %
Slower than expected	16	22
As expected	64	69
Quicker than expected	20	9

Table 6 Recovery speed for organisations with and without BCM arrangements

5.4 Reasons for not implementing BCM

Despite the evidence confirming the value of BCM some organisations continue not to implement formalised BCM plans. Reasons for not implementing BCM arrangements vary. Of those managers working in organisations without BCM, 45 per cent report that they do not have BCM because their organisation rarely suffers from disruptive events. This is down from 54 per cent last year. A further 43 per cent state that they deal with disruption as and when it happens whereas it is not seen as a priority within the organisations of 37 per cent of managers. Eleven per cent cite a lack of perceived business benefits, despite the evidence to the contrary.

Rarely getting significant levels of disruption and having only a policy of dealing with disruptions as and when they happen were cited as the two most common reasons for not having implemented arrangements across all three organisational sectors. The implications of this haphazard approach to planning are that these organisations will not be sufficiently prepared if a major disruption does occur in the future.

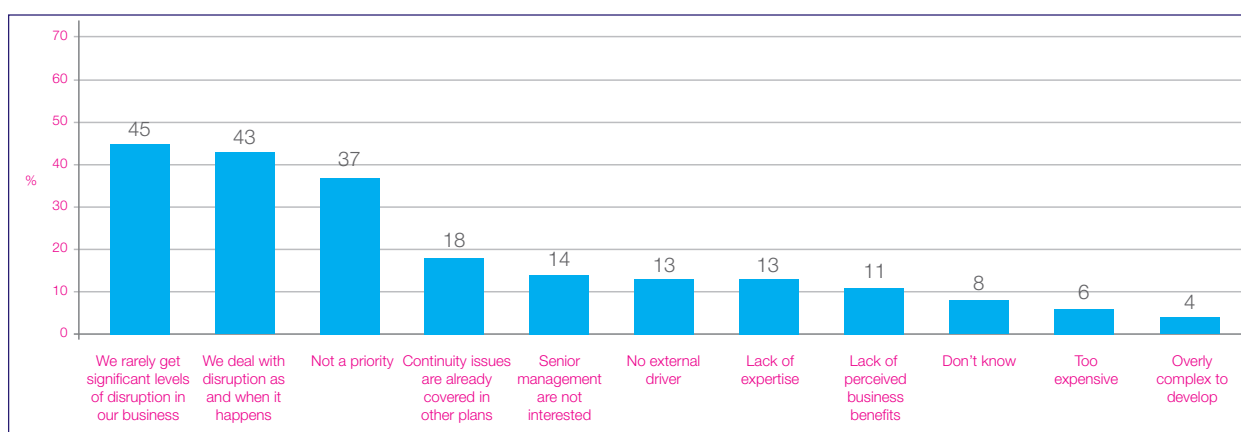


Figure 9 Reasons for not having implemented BCM

5.5 External Drivers of BCM

When those managers with BCM were asked about the drivers behind its adoption, the most commonly identified driver was that of corporate governance. Within this question, respondents were able to indicate for the first time that direct experience of an emergency had influenced their organisation's decision to implement BCM arrangements. This option was ranked as the second biggest catalyst followed by existing customers (see Figure 10).

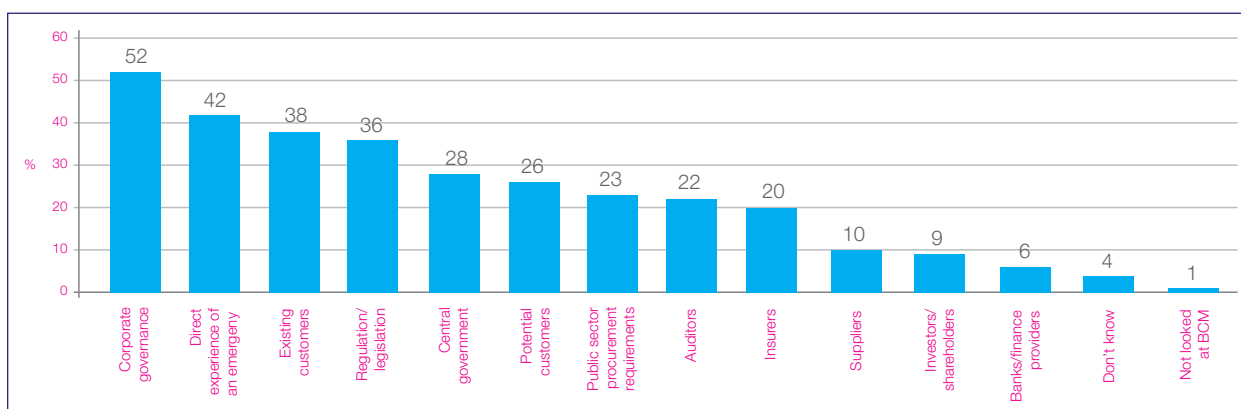


Figure 10 External drivers of BCM for organisations with BCM arrangements in place

Drivers of BCM vary depending on sector (refer to Appendix A for industry sector breakdown). Central government is a driver for 54 per cent of public sector managers, but only 12 per cent of not for profit sector and 11 per cent of private sector managers. Existing customers are the biggest driver for private sector managers as shown in Table 7.

Not for profit	%	Public	%	Private	%
Corporate governance	63	Corporate governance	61	Existing customers	50
Direct experience of an emergency/crisis	47	Central government	54	Corporate governance	45
Existing customers	33	Direct experience of an emergency/crisis	47	Potential customers/ Direct experience of an emergency/ crisis	38

Table 7 Top 3 external drivers by organisational sector

External drivers also vary depending on size. Table 8 below shows how direct experience of an emergency/crisis is the primary driver for smaller organisations, whereas corporate governance becomes more important the larger an organisation is.

Small (0-50 employees)	%	Medium (51-250 employees)	%	Large (251 or more employees)	%
Existing customers	41	Corporate governance	44	Corporate governance	63
Direct experience of an emergency/crisis	37	Existing customers	42	Direct experience of an emergency/crisis	47
Corporate governance	35	Direct experience of an emergency/crisis	31	Regulation/legislation	46

Table 8 Top 3 external drivers by organisation size

5.6 Providing evidence of BCM

We asked managers whether their organisation had been asked to provide evidence of BCM capability. Nearly a third of respondents did not know and a further 27 per cent report that no external requests were made. Public sector managers are more likely to receive requests for evidence with only 15 per cent reporting they had not received any requests, compared with 31 per cent in the not for profit sector and 33 per cent in the private sector.

The types of bodies requesting evidence of BCM varies depending on sector. Public sector managers are more likely to cite central government (31 per cent), corporate governance committees (24 per cent) and auditors (19 per cent), while private sector managers more commonly receive requests from existing customers (19 per cent), potential customers (17 per cent) and auditors (18 per cent). Not for profit sector managers are more likely to receive requests from auditors (17 per cent), public sector procurement teams (11 per cent) and corporate governance committees/regulators (both 10 per cent).

5.7 BCM and the supply chain

The supply chain is an important but often overlooked part of BCM. The horsemeat scandal¹⁰ currently engulfing UK supermarkets reiterates the danger of failing to apply organisational standards across supply chains.

Thirty-three per cent of managers report that their organisation does not require ~ its suppliers or outsource partners to use BCM. Only 12 per cent report that their organisation expects their business critical suppliers to have BCM and only 7 per cent expect it of all suppliers. Regarding future supply chain relations, only 3 per cent say their organisation intends to require BCM arrangements among their suppliers in future (an increase of 2 percentage points from last year).

The survey also considers the issue of how effectively BCM is driven through the supply chain. Of those that do require their suppliers to use BCM, 48 per cent had requested BCM information from those suppliers within the previous 12 months. This is a substantial 12 per cent increase from last year's report – and has coincided with a decreasing number of respondents who report not knowing when their organisation last requested such information (28 per cent, down by 13 percentage points).

5.8 Supporting community resilience

The survey asked all respondents (with and without BCM) what types of assistance their organisations would provide as emergency support for their local community. The results were similar to last year with the most common forms of assistance being the temporary release of employees to assist in recovery, provision of temporary shelter for members of the public and the loan or supply of resources and equipment.

Type of support for local community	2013 %
Temporary release of employees to assist local community	40
Loan or supply of resources and equipment	26
Provision of temporary shelter for members of the public	28
Provision of emergency food and essential supplies	19
Not currently – but we are likely to consider such forms of help in the future	15
Not currently – and unlikely to do so in the future	14
Don't know	24

Table 9 Emergency support for the local community

The survey also asked all respondents whether their organisations linked with other organisations to improve resilience to emergencies in their local community. The most common types of links are with public sector organisations (38 per cent of

10. NB: The majority of survey responses were received before the full scale of the horsemeat scandal was revealed but the lessons from it could be used to inform the design of future BCM surveys.

respondents), voluntary groups (21 per cent) and local business links (20 per cent). Twenty-seven per cent of organisations do not currently have links.

5.9 Providing guidance for managers

Managers use a wide variety of sources to obtain information about BCM. Professional bodies are the top source of information whilst an increasing number of managers source information from internet search engines and internal sources. High quality information is a must for improving managers' understanding of BCM and organisations' preparedness.

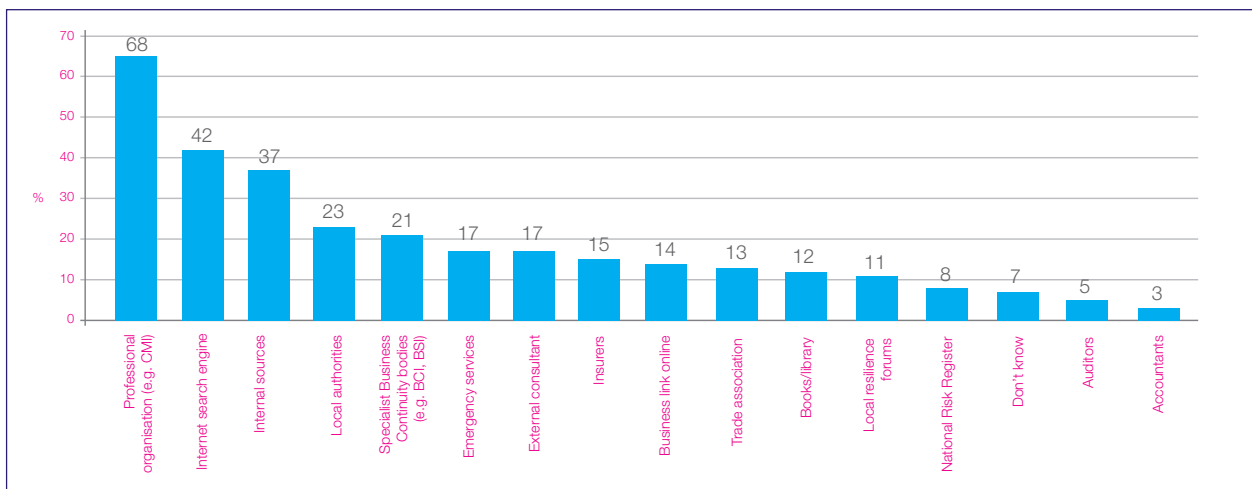


Figure 11 Managers' sources of BCM information

6. Implementing Business Continuity Management

6.1 Responsibility for BCM

Throughout the research series, CMI has stressed the importance of senior management taking ultimate responsibility for BCM, in line with good practice. This year the survey asked who among the senior management team acts as the sponsor of BCM. Fifty-one per cent of managers report the MD or CEO to be the sponsor (a 7 percentage point increase from last year), while 19 per cent say responsibility resides with the chief operating officer. Although one in 10 managers did not know who the sponsor was, just 4 per cent indicated that there was no top management sponsor. There were also a wide variety of open-ended answers supplied including Technical Support Managers, Deputy CEOs, Chief Risk Officers and roles unique to certain sectors.

Sixty-nine per cent of respondents stated that their organisation's BCM includes arrangements for involvement of colleagues on a cross-functional/cross-departmental basis.

6.2 Products/services used to develop BCM arrangements

Our survey asked respondents what products and/or services they had used to develop BCM arrangements. IT data recovery was used by 44 per cent of respondents, BCM standards or guidance documents were used by 34 per cent

and self-assessment questionnaires were used by 26 per cent of respondents. Just over one in five do not know what products and services are used to develop BCM arrangements.

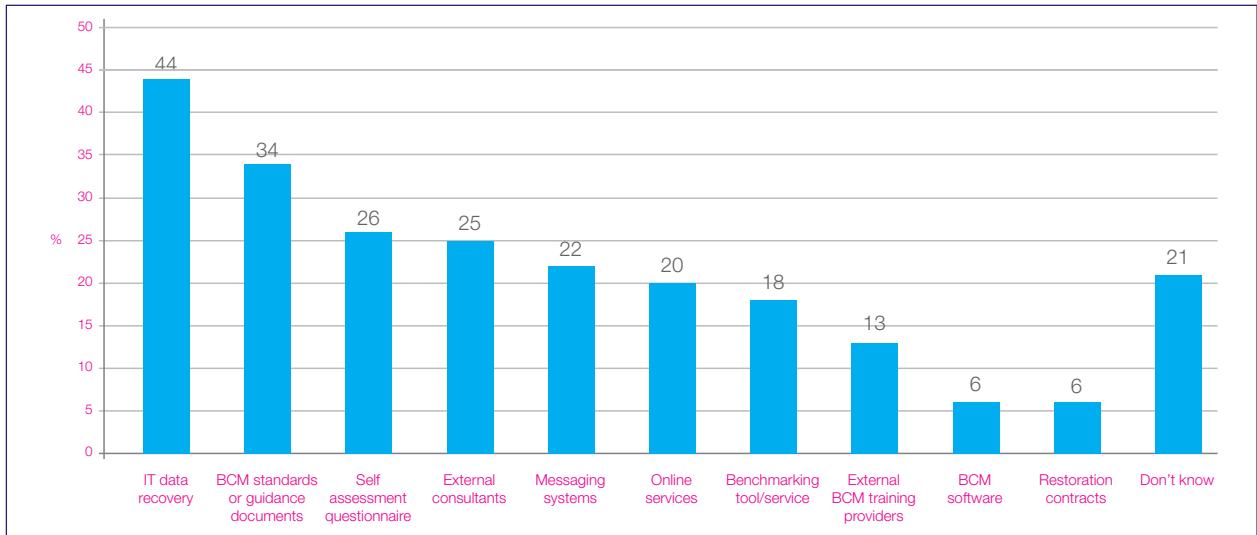


Figure 12 Products/services used when developing/maintaining BCM arrangements.

As Table 10 demonstrates, a lower percentage of managers in small organisations currently use BCM standards than their medium and large counterparts, implying less of an interest in standards. All organisations regardless of size should use high-quality sources of information and guidance.

Small (0-50 employees)	%	Medium (51-250 employees)	%	Large (251 or more employees)	%
IT data recovery	54	BCM standards or guidance documents	49	IT data recovery	40
Online services an emergency/crisis	32	IT data recovery	45	BCM standards or guidance documents	34
BCM standards or guidance documents	28	External consultants	33	Self-assessment questionnaire	30

Table 10 Top three products/services used by organisation size

6.3 Components of Business Continuity arrangements

Managers reported IT back up arrangements as the most common component of current organisational arrangements followed by arrangements for remote working. IT arrangements are evidently critical to many organisations in the modern economy, but BCM cannot purely be about IT: organisations must ensure that BCM is about a wider range of factors, including their people.

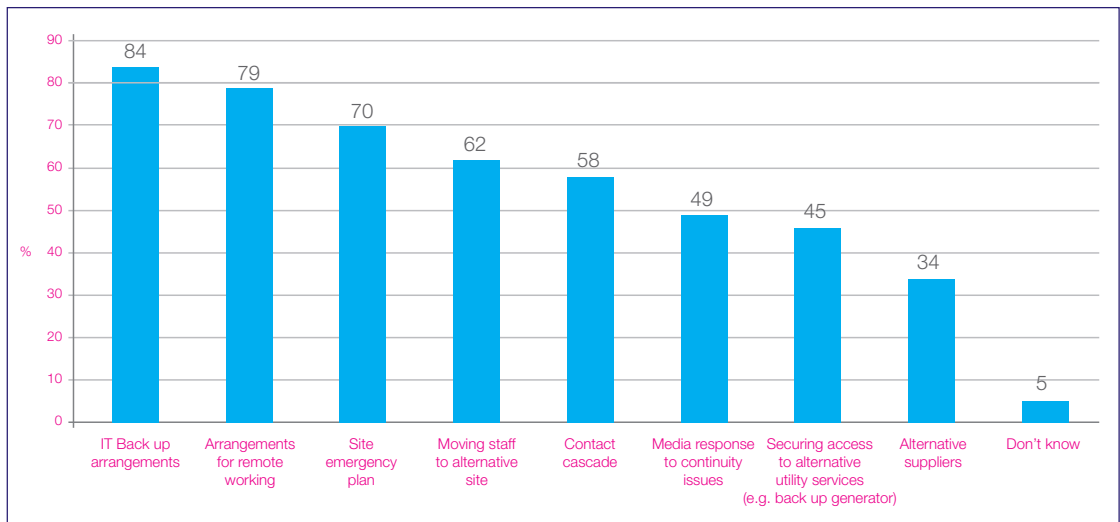


Figure 13 Components of BCM arrangements

6.4 BCM training

Of those with BCM, nearly a fifth (17 per cent) report that their organisation undertakes no training or awareness activities related to BCM (and 8 per cent did not know what, if any, training was provided). Just under a quarter (24 per cent) report that BCM awareness is provided to all staff at regular intervals, while a quarter include BCM in employee inductions. Thirty-four per cent report that BCM awareness is provided to senior managers, while 36 per cent say that BCM training is provided to staff with BCM roles.

6.5 Managers' awareness of BCM arrangements

Despite apparently little training provision, managers' levels of awareness of BCM arrangements have increased since last year. Forty-seven per cent of managers say they are very familiar with their organisation's BCM arrangements (up by 10 percentage points from last year) with 43 per cent describing themselves as fairly familiar (a slight decrease from last year). In the event of a disruption, some 69 per cent are fully aware of their role (an 11 percentage point increase from last year). Twenty-nine per cent admit they would need to look it up, though this is a 10 point decrease from last year.

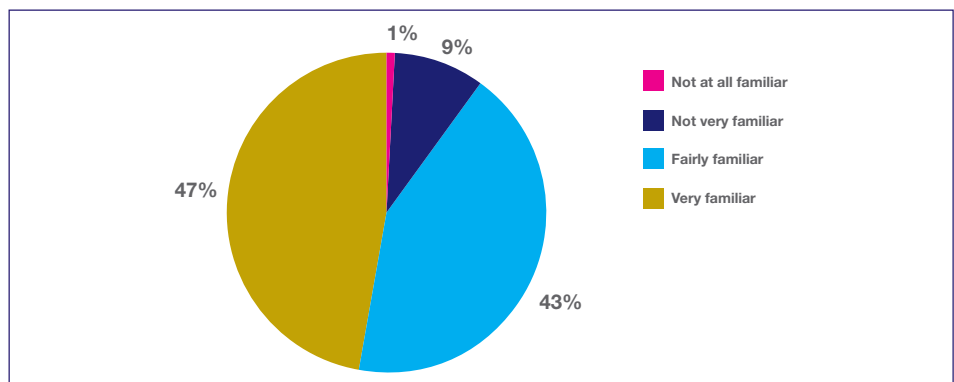


Figure 14 Managers' familiarity with BCM arrangements

6.6 Exercising BCM

Good BCM practice involves regularly exercising or rehearsing arrangements. This enables plans to be revised, refined and updated before weaknesses are exposed by a real disruption. Sixty-one per cent of managers whose organisations have BCM arrangements report that these have been exercised in the last year (up by 14 percentage points since last year's report). Thirteen per cent say BCM arrangements have never been exercised (down by 4 percentage points from last year).

Testing remote working facilities and IT back up exercises are the top two methods used when exercising BCM arrangements followed by call cascade and desktop exercises. Only 21 per cent conduct a full emergency scenario when exercising their plans. A further 13 per cent of managers do not know how their organisation exercises its BCM arrangements.

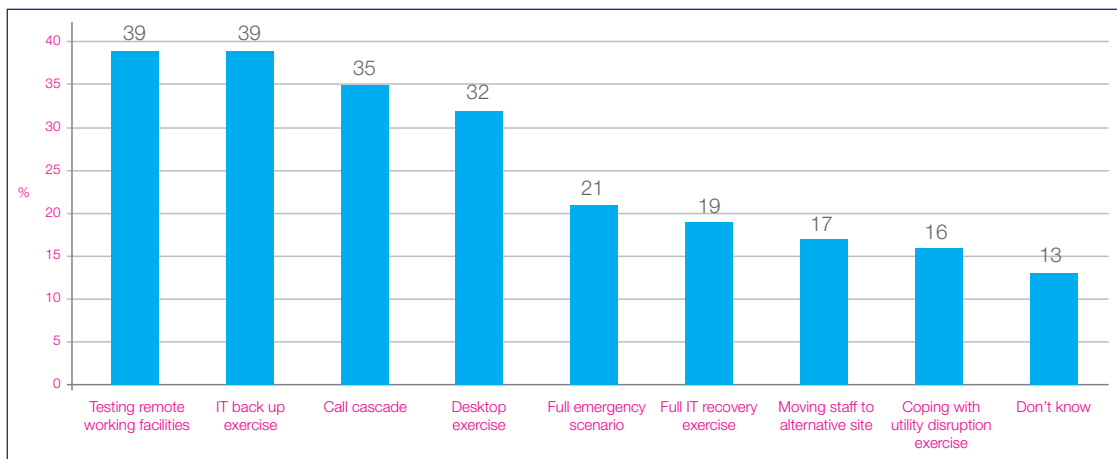


Figure 15 Format of BCM arrangement exercise

Survey results provide evidence to support the common-sense idea that rehearsing a BCM arrangement exercise is a valuable activity. Forty-six per cent report that their organisation had addressed flaws that the exercise had revealed.

6.7 Evaluating BCM

Evaluating BCM against established standards enables organisations to ensure that they meet good practice and are in a position to effectively cope with disruption. Many organisations, especially those in the public sector, are legally compelled to evaluate their plans against legislative and statutory requirements. When asked how their organisation evaluated its BCM, 40 per cent of managers did not know and 17 per cent said their organisation does not evaluate its BCM (although this falls to 6 per cent of public sector managers). Legislation is the primary method of evaluation for all sectors followed by regulations and other standards.

Seven per cent of organisations use ISO 22301 to evaluate their BCM performance. Though at first glance this appears to be a low figure, it is higher than the percentage of organisations using BS 25999 as a means of evaluation in spite of the fact that ISO 22301 was only released last year.

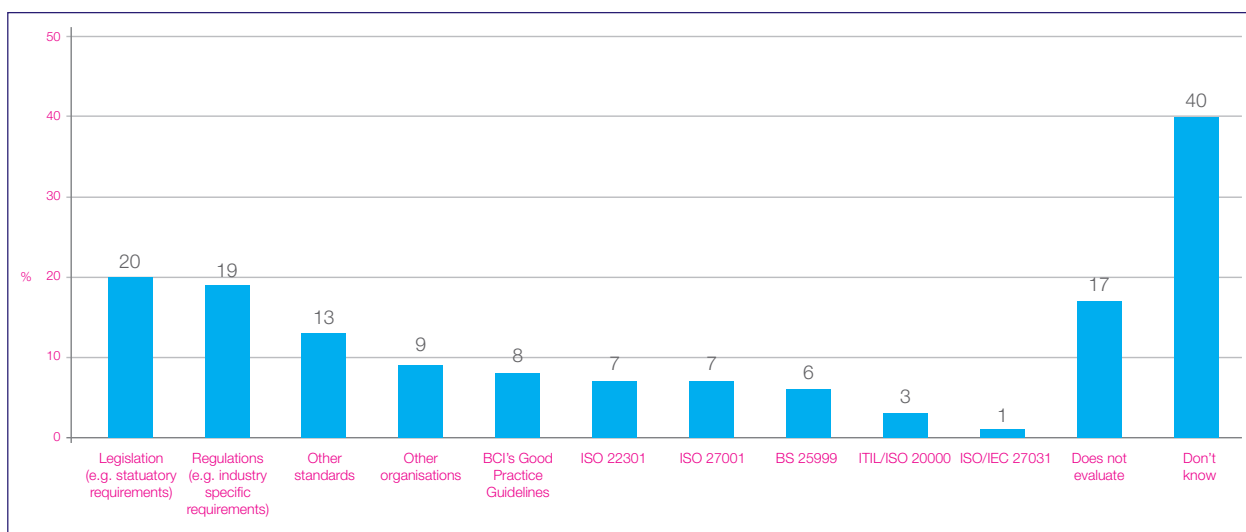


Figure 16 Organisations evaluating their BCM procedures

6.7.1 ISO 22301

Twenty per cent of managers with BCM arrangements in place were aware that an international standard for BCM (ISO 22301) had been released in 2012. This is higher than the comparable figure from last year's survey, which asked if respondents were aware of the intended launch of ISO 22301 in 2012. Only twelve per cent were, demonstrating a substantial increase in levels of awareness in a relatively short period of time.

Awareness figures for 2013 remain similar by size of organisation although private sector managers (27 per cent) had higher levels than their not for profit and public sector counterparts (10 and 20 per cent respectively).

Of managers who are aware, 7 per cent already use the ISO 22301 for guidance and 5 per cent use it for certification. The results for intended use in the future are similar to current use.

Does your organisation use ISO 22301 for any of the following?	%	Will your organisation use ISO 22301 for any of the following?	%
As guidance	7	As guidance	6
To achieve certification	5	To achieve certification	6
To achieve compliance/alignment without certification	4	To achieve compliance/alignment without certification	5
We have decided against using it	4	We have decided against using it	3
To ask for compliance from suppliers	1	To ask for compliance from suppliers	1
We have not made any plans yet	27	We have not made any plans yet	28
Don't know	58	Don't know	58

Table 11 Current and future use of ISO 22301

7. Recommendations

This report helps create a strong business case for BCM as a way of helping managers fulfil their responsibility to keep their businesses functioning: large majorities of managers agree that BCM reduces the impact of disruption, speeds recovery, and offers benefits which justify the costs.

Our view is that BCM is too important to be left purely to BCM specialists. Line managers need to understand their critical activities and vulnerabilities, and the steps which could mitigate for threats and help restore operations in the event of problems. Every organisation's needs are different, but developing a proportionate and robust approach to BCM is strongly recommended.

- Start with an understanding of your business, not with the threat you think you face. Threats are diverse and can change quickly, whether as a result of new technology, changing weather patterns or – as the horsemeat scandal has shown – the supply chain. Managers need to understand what is needed to maintain critical operations, regardless of the source of disruption. When developing BCM, therefore, a business impact analysis takes precedence over risk assessment.
- Review and test BCM regularly. The evidence that more organisations are adopting BCM is welcome, but the hard work does not stop once arrangements are in place – and with organisational change becoming the norm for many managers, there is a risk that BCM arrangements become outdated.
- Keep informed. Take advantage of high-quality BCM information and consider frameworks such as BS ISO 22301 or 22313 and recognised best practice guidelines, which can help you to ensure your BCM is robust and provides customers with evidence of your resilience. Businesses should look to maximise competitive advantage by highlighting the benefits to their stakeholders.
- Do not neglect the supply chain. Identify critical suppliers and ask whether they have BCM. If not, why not? From an operational and reputational point of view, you are only as strong as the weakest link in your supply chain: assess whether the drive for lean supply chains risks eroding resilience.
- Be clear about management roles and responsibilities. Senior managers must take ultimate responsibility for BCM, and communicate the organisation's approach through channels such as the directors' annual business review. Line managers must also be clear about their responsibilities and given information or training where needed.
- With experience of disruption shown to be the second-biggest driver for implementing BCM, many organisations are closing the stable door after the horse has bolted. While they may still reap the benefits of BCM in the future, many are evidently enduring unnecessary costs. A proactive approach to BCM would minimise exposure to disruption and associated costs.
- SMEs in particular should consider how they can use BCM in a proportionate way to improve their resilience. The resources offered by professional bodies and specialist groups, for example, may provide cost-effective, reliable options.

8. Help and advice

CMI Checklist on BCM

CMI's Checklist on BCM is part of its popular range of over 200 Management Checklists, which help you develop your knowledge and improve your practice in a wide range of management tasks, activities or skills. The Checklist on BCM is available for free download at www.managers.org.uk/bcm2013

ManagementDirect

CMI members can access the ManagementDirect portal – a unique information service that provides access to a range of management resources, including our Checklists, management models, document outlines and leader videos. Find out more via www.managers.org.uk/mdirect

National Risk Register

The National Risk Register, published by the Cabinet Office, sets out the Government's assessment of the likelihood and potential impact of a range of different risks that may directly affect the UK. It is designed to increase awareness of the kinds of risks the UK faces and encourage individuals and organisations to think about their own preparedness. The register also includes details of what the Government and emergency services are doing to prepare for emergencies. It can be found at: <https://www.gov.uk/government/publications/national-risk-register-of-civil-emergencies>

Business Continuity for Dummies

Produced by the BCI, the Emergency Planning Society and the Cabinet Office with support from the BSI, the Business Continuity for Dummies Guide is designed for small and medium sized businesses wanting to introduce business continuity into their companies. Written in informal, plain English, it is a great way in for BCM newcomers, helping them understand the importance of business continuity and providing practical support to help them improve the resilience of their own business or organisation.

BS ISO 22301 and 22313

BS ISO 22301 specifies the requirements for organisations setting up and managing an effective Business Continuity Management System (BCMS), regardless of their type or size. It can be used to assess an organisation's ability to meet its continuity needs and obligations and establish a framework for implementing effective BCM arrangements. The standard is based on the common 'Plan-Do-Check-Act' model that seeks to continually improve the effectiveness of the organisation through proficient planning, implementation, supervision, review and maintenance. BS ISO 22301 is accompanied by the guidance document, BS ISO 22313, which provides a more intuitive framework to those pursuing best practice. These two International Standards, published by BSI in 2012, have now replaced both parts of the original BS 25999.

Additional guidance has been published in the form of PD 25222 'Guidance on supply chain continuity', PD 25666 'Guidance on exercising and testing for continuity and contingency programmes', PD 25888 'Guidance on organization recovery following disruptive incidents' and PD 25111, 'Guidance on human aspects of business continuity'. For more information please visit

www.talkingbusinesscontinuity.com or <http://shop.bsigroup.com/ISO22301>

A Management Guide to Global Good Practice in Business Continuity

The BCI's Good Practice Guidelines (GPG) draw upon the considerable academic, technical and practical experiences of members of the BCI. Intended for use by professionals, consultants, auditors and regulators with a working knowledge of the rationale behind Business Continuity and its fundamental principles, these guidelines cover the six Professional Practices at a Management and Technical level which make up the BCM Lifecycle: Policy and Programme Management, Analysis, Design, Implementation, Validation and Embedding Business Continuity. Find out more at www.thebci.org

About the research partners

The Civil Contingencies Secretariat (CCS)

The CCS sits within the Cabinet Office at the heart of central government. It works in partnership with government departments, the devolved administrations and with key stakeholders at national, regional and local levels across the public, private and voluntary sectors to enhance the UK's ability to prepare for, respond to and recover from emergencies. You can find out more, and contact CCS, via: <https://www.gov.uk/government/organisations/cabinet-office>

The Business Continuity Institute

The BCI was established in 1994 to enable individual members to obtain guidance and support from fellow business continuity practitioners. The BCI currently has members in 100+ countries active in an estimated 3000 organisations. The BCI is the world's most eminent BCM institute and our name is instantly recognised as standing for good practice and professionalism. We deliver a wide range of products, services and initiatives to support our members and the wider business continuity community, including the Good Practice Guidelines; Business Continuity training and resources; conferences, workshops and webinars; research reports; and international chapters and forums for networking. We also organise the annual Business Continuity Awareness Week held in March.

The BCI Certificate examination is based entirely on the Good Practice Guidelines. Successful candidates achieve the post nomination of CBCI. To become a Statutory member, competence needs to be demonstrated in all six stages of the BCM Lifecycle.

The BCI Partnership offers corporate membership, enabling organisations to work more closely with the Business Continuity Institute to deliver the overall BCI purpose of 'promoting the art and science of business continuity worldwide'. Find out more about the BCI at www.thebci.org

The British Standards Institution (BSI) Group

BSI is the business standards company that equips businesses with the necessary solutions to turn standards of best practice into habits of excellence. Formed in 1901, BSI was the world's first National Standards Body and a founding member of the International Organization for Standardization (ISO). Over a century later it continues to facilitate business improvement across the globe by helping its clients drive performance, manage risk and grow sustainably through the adoption of international management systems standards, many of which BSI originated. Renowned for its marks of excellence including the consumer recognized Kitemark®, BSI's influence spans multiple sectors including aerospace, construction, energy, engineering, finance, healthcare, IT and retail. With over 65,000 clients in 147 countries, BSI is an organisation whose standards inspire excellence across the globe.

BSI is globally recognised for the publication of BS 25999 and has certified and trained organisations in BS 25999 in over 20 countries. BSI will be offering a full portfolio of books, training and certification to support the roll out of ISO 22301 and ISO 22313. To learn more please visit: www.bsigroup.com

Appendix A – sector statistics

The table below outlines key findings from a range of industry sectors. It includes the percentage in each sector with BCM; the most common drivers in that sector for organisations with BCM arrangements; the percentage of respondents that had not received any external requests for information on their BCM, which offers an indication of how BCM is being driven; the most common component of BCM arrangement for organisations with BCM and the main reason for activating BCM over the last 12 months.

Sector	With BCM %	Principal drivers	No external requests for BCM information %	Most common component of BCM arrangement %	Main reason for activating BCM over last 12 months %
Local Government	88	a) Corporate governance; b) Central Government; c) Regulation/legislation	10	Arrangements for remote working 89	Extreme weather 87
Central Government	87	a) Central Government; b) Public sector procurement; c) Corporate governance/ Direct experience of an emergency	18	Arrangements for remote working 90	Extreme weather 79
Finance, insurance	82	a) Corporate governance; b) Regulation/legislation; c) Insurers/Existing customers/ Potential customers	7	IT back up arrangements 95	Extreme weather 67
Health and social care	70	a) Corporate governance; b) Direct experience of an emergency; c) Central government Regulation/ legislation	15	IT back up arrangements/Site emergency plan 85	Extreme weather 82
Transport and logistics	85	a) Direct experience of an emergency; b) Existing customers/ Corporate governance c) Regulation/legislation	15	IT back up arrangements 100	Extreme weather
Manufacturing and production	46	a) Corporate governance; b) Regulation/legislation; c) Existing customers	21	IT back up arrangements 83	Supply Chain disruption 50
Education	55	a) Corporate governance; b) Direct experience of an emergency/Regulation/legislation/ Auditors/Existing customers c) Potential customers	26	IT back up arrangements 75	Extreme weather 79
Business services	68	a) Potential customers; b) Existing customers; c) Corporate governance	31	Arrangements for remote working 76	Extreme weather 60
Construction	57	a) Potential customers/ Existing customers b) Corporate governance/ Regulation/ Insurers c) Central Government/ Direct experience of an emergency	27	Arrangements for remote working 92	Extreme weather 63

Appendix B – respondent profile 2013

Respondent profile	%	Respondent profile	%
Managerial Level		Sector	
Director	28	Agriculture, forestry & fishing	0
Senior Manager	28	Business services	6
Middle Manager	30	Central government	4
Junior Manager	14	Construction	4
Organisation Status		Consultancy	10
Charity/not for profit	15	Creative/media	1
Public sector	35	Defence	6
Private sector	51	Education	13
Region		Electricity, gas and water	2
East of England	8	Engineering	5
London	16	Finance, insurance	4
East Midlands	7	Fire and rescue	1
West Midlands	7	Health & social care	11
South East	18	Hospitality, catering, leisure & tourism	3
South West	8	Housing and real estate	2
North East	4	IT	3
North West	7	Justice/security	1
Yorkshire & the Humber	5	Legal & accounting services	1
Northern Ireland	2	Local Government	7
Scotland	6	Manufacturing & production	6
Wales	4	Mining & extraction (incl. oil and gas)	1
Other	9	Police	1
Number of employees		Sales/marketing/advertising	1
1-10	20	Telecommunications & post	1
11-50	12	Transport & logistics	3
51-250	16	Wholesale & retail	3
251-1,000	15		
1,000 or over	36		

Chartered Management Institute

The Chartered Management Institute is the only chartered professional body in the UK dedicated to promoting the highest standards of management and leadership excellence. CMI sets the standard that others follow.

As a membership organisation, CMI has been providing forward-thinking advice and support to individuals and businesses for more than 50 years, and continues to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact. As well as equipping individuals with the skills, knowledge and experience to be excellent managers and leaders, CMI's products and services support the development of management and leadership excellence across both public and private sector organisations.

Through in-depth research and policy surveys of its 90,000 individual and 450 corporate members, CMI maintains its position as the premier authority on key management and leadership issues.

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