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# A Decade of Living Dangerously

The Business Continuity Management Report 2009



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March 2009

In association with



**CabinetOffice**

# Foreword

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As the Director of the Civil Contingencies Secretariat (CCS), I am pleased to support the 10th edition of what has become a very important piece of research from the Chartered Management Institute. As with previous years the research has been sponsored by the CCS.

Reflecting on the last 5 years, our ability as a nation to effectively respond to disruptive challenges has largely improved. Much of this is a result of hard work from local and national public sector response organisations in implementing the Civil Contingencies Act. But that is not the whole story. Resilience has also grown through the endeavours of individual organisations in the private sector. I have heard many examples of organisations showing initiative by ensuring plans are made and hence resilience made more robust. However, whilst this research has shown that business continuity arrangements have gradually improved over the past 10 years, large gaps remain, and many organisations are still at risk of significant disruption or even failure. These organisations are not only failing their customers, they are also endangering the livelihoods of employees and the health of the communities they serve.

Against the backdrop of increasing economic pressure, the need for business continuity has never been greater. This report, and the recommendations contained within it, demonstrates how business continuity management can make a real difference by improving an organisation's flexibility, readiness and ultimate viability in the face of an ever changing risk environment.

It is easy to put off attending to risks and let business continuity preparations slip down the agenda. This short sightedness can be extremely costly. A failure to provide adequate protection could mean more than a minor headache lasting a few hours or days: it could mean a loss of trade to competitors and the eventual failure of an organisation. It is clear from the research undertaken by the Chartered Management Institute that many businesses are failing to adequately protect themselves and are therefore exposed to unnecessary risk. If British businesses are to remain competitive in our ever-changing economic and environmental climate they must ensure the availability of their services, a constant state of readiness and the flexibility to respond to any eventuality.

I am encouraged to see, from this research, that organisations are actively seeking information and advice to assist them in enhancing their business continuity arrangements. By following the recommendations contained within and drawing upon the guidance given in the National Risk Register, the British Standard (BS 25999), and other relevant sources of information, I have no doubt our individual and collective resilience will improve.



Bruce Mann CB, Director of Civil Contingencies Secretariat, Cabinet Office

# Executive Summary

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- **More widespread adoption of business continuity management:** the number of organisations with specific business continuity plans covering their operations has increased slightly to 52 per cent, compared to 47 per cent in 2008. This is the highest score ever recorded by the survey.
- **Organisations remain complacent about continuity:** despite the more widespread adoption of BCM, the percentage of managers reporting that continuity is regarded as important in their organisation has fallen over the past year from 76 per cent to 64 per cent.
- **Identifying risk:** electronic attack and human disease – such as pandemic influenza – are the two greatest concerns facing organisations, identified by 58 and 57 per cent respectively.
- **Influenza pandemic planning:** despite recognising the threat posed by diseases such as influenza, 53 per cent of organisations still have no plans to help them cope during a pandemic.
- **Most common disruptions:** over the past year, 40 per cent of organisations suffered disruption due to a loss of IT. Other key sources of disruption were extreme weather, loss of people, loss of telecommunications, and utility outages.
- **Reliability of plans:** over two thirds of organisations rehearse their business continuity plans, suggesting a growing acceptance of the evidence that rehearsals are crucial to ensure the effectiveness of planning. Seventy five per cent of those who had exercised their plans said that the exercises had revealed shortcomings.
- **Remote working:** around half of respondents (53 per cent) report that they could continue to work to a great extent by working remotely in the event of a disruption.
- **Key drivers:** corporate governance (47 per cent) remains the most prominent driver for organisations implementing or changing their business continuity management. Central government (33 per cent) is another key driver. There continues to be evidence that business continuity planning is being driven through the supply chain through public sector procurement contracts (23 per cent) and by the demands of existing customers (32 per cent) and potential customers (19 per cent).
- **BS 25999:** 39 per cent of respondents who have business continuity plans are aware of BS 25999, the British Standard for Business Continuity, which provides a basis for understanding, developing and implementing business continuity within an organisation. Of these, 74 per cent intend to use the standard in some form.
- **Guidance:** some 28 per cent of respondents overall were aware of the guidance on business continuity management provided by their local authority or Local Resilience Forum. The most commonly requested information relates to developing a business continuity plan, the provision of case studies, and guidance on reviewing and exercising business continuity arrangements

# 1. What is Business Continuity Management?

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Business Continuity Management (BCM) is based on the principle that it is the key responsibility of an organisation's directors to ensure the continuation of its business operations at all times. It may be defined as:

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

BS 25999-1 British Standards Institution's Code of Practice for Business Continuity Management

BCM is an established part of the UK's preparations for the possible threats posed to business, whether from internal systems failures or external emergencies such as extreme weather, terrorism, or infectious disease. The Civil Contingencies Act 2004 required frontline responders to maintain internal BCM arrangements and, in addition, local authorities have been required since May 2006 to promote BCM to business and voluntary organisations in their communities.

In 2008, the Pitt Review on the flooding emergencies of June and July 2007 called for urgent and fundamental changes in the way the UK is adapting to the increased risk of flooding. The Review called on the Government to set out publicly how it will make rapid progress, and be held to account, on improving the country's flood resilience.

## **The 2009 survey**

This report presents the findings of research conducted in January 2009 by the Chartered Management Institute in conjunction with the Civil Contingencies Secretariat in the Cabinet Office.

The Institute's first survey on Business Continuity Management was conducted in 1999. It was repeated in 2001 and has been published annually since then, meaning that the 2009 survey is the tenth report in the series.

In 2009, a total sample of 15,000 individual Institute members was surveyed and 1,012 responses were received. Please see Appendix B for details of the respondent sample.

## 2. The extent of Business Continuity Management

### 2.1 Levels of Business Continuity Management

The Chartered Management Institute's BCM research series has tracked how many managers are aware of a specific Business Continuity Plan (BCP) covering critical business activities in their organisation.

The number of organisations that have a specific BCP shows a modest increase, at 52 per cent. This is the highest level yet recorded by the survey, as shown in Figure 1 below.

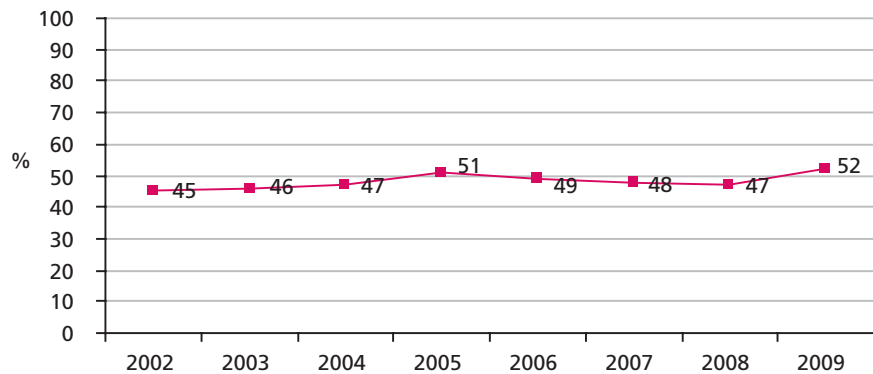


Figure 1: Organisations with specific BCPs, 2002-2009

### 2.2 Variation between different types of organisation

The survey data again indicates substantial differences in the adoption of BCM between sizes of organisation. Larger organisations are far more likely to have BCPs, as indicated by previous surveys.

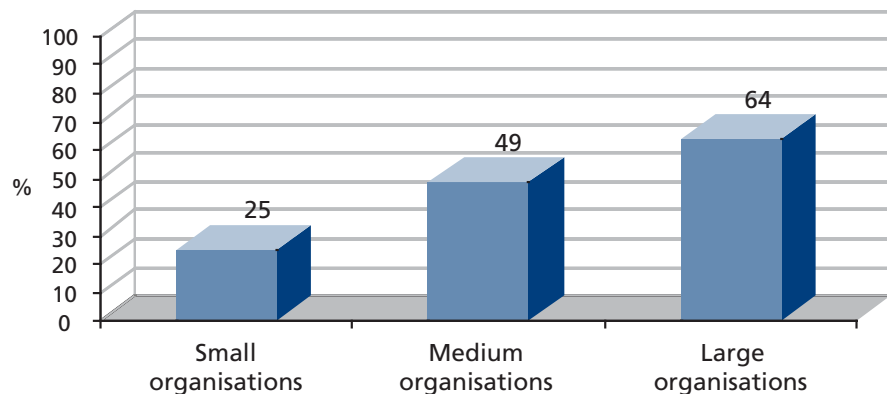
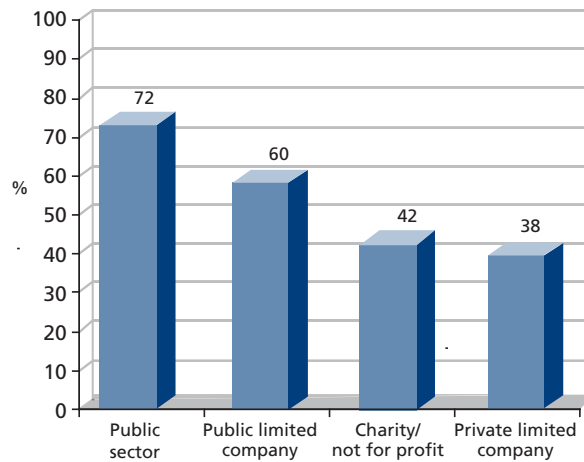


Figure 2: Organisations with BCPs, by size<sup>1</sup>

The number of small organisations with a BCP is markedly down from 2008 (40 per cent). This might be accounted for by the fact that only 6 per cent of small organisations were aware of BS 25999, and only 14 per cent were aware of BCM guidance provided by their local authority, suggesting a need to further promote awareness of BCM amongst small and micro firms.

<sup>1</sup> Based on standard definitions of organisation sizes: Small=up to 50 employees (excluding sole traders) Medium=51-250 employees Large=over 250 employees

Major differences also exist between different types of organisations. BCM is most common in the public sector, where it is required among certain organisations by the Civil Contingencies Act 2004. Listed companies are the next most likely group to have a BCP, while the charity/not-for-profit sectors and private companies demonstrate lower levels of take-up.



**Figure 3:** Use of BCPs in different types of organisation, 2009

The existence of a BCP varies according to geographical area: London based organisations were most likely to report having a BCP (65 per cent), followed by the North West (55 per cent).

Substantial differences also exist between different industry sectors. See Appendix A for analysis of the adoption of BCM in key sectors and lessons for organisations in each sector.

### 2.3 Perceived importance of BCM

Sixty four per cent of managers in the 2009 survey reported that BCM is regarded as 'important' or 'very important' by their senior management, although this is down from 76 per cent in 2008. While the reason for this is unclear, it may be that the additional economic pressures facing organisations means that BCM has fallen as a relative priority.

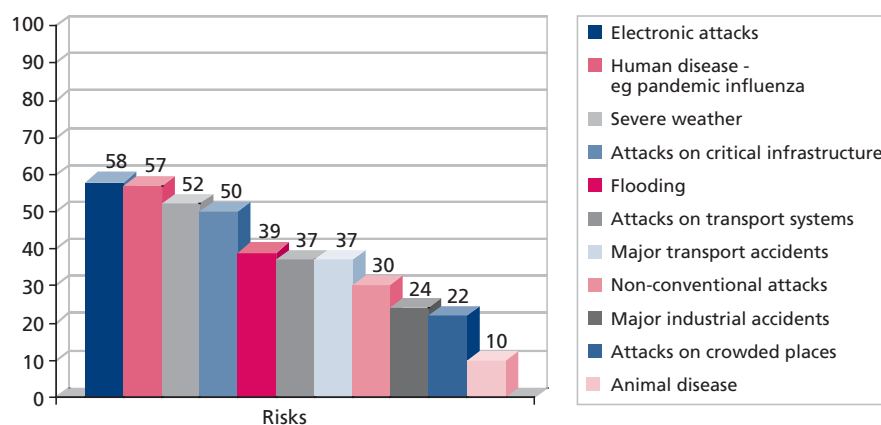
There were notable differences in the importance attributed to BCM when broken down by sector. Perhaps unsurprisingly, 84 per cent of respondents from Central Government say BCM is important/very important for senior management. Police (100 per cent), Finance (86 per cent), Local Government (80 per cent), Utilities (80 per cent) and Defence (76 per cent) were also notable high scorers.

# 3. Understanding risks and potential disruption

## 3.1 Concern about future risk

As part of its National Security Strategy, the Government published a National Risk Register in 2008, setting out an assessment of the likelihood and potential impact of a range of different risks – both natural and malicious – that may directly affect the UK. The Register is designed to increase awareness of the risks that the UK faces and encourage organisations to think about their own preparedness. The 2009 survey examined which of the risks identified are of particular concern to managers. The risks of most concern were electronic attacks (58 per cent) and human disease, such as pandemic influenza (57 per cent).

**Figure 4:** Risks that are of particular concern to organisations



Severe weather (52 per cent) was also seen as a major risk, with flooding separately identified as a particular concern by 39 per cent. Attacks on critical infrastructure were also noted as a particular concern by half of the respondents.

Managers' assessment of these threats was context-specific in some instances. For example, severe weather was a far more pressing concern for businesses in Yorkshire and the Humber (66 per cent) and the North East (65 per cent). Equally, attacks on transport systems (64 per cent) and attacks on critical infrastructure (63 per cent) registered more highly as concerns for those in the London area than elsewhere.

## 3.2 Events causing disruption in the past 12 months

The BCM survey has tracked since 2002 which disruptions managers have experienced over the preceding 12 months. These trends are presented in Table 1 below.

Loss of IT was the most commonly experienced disruption for organisations in the 12 months to January 2009, as consistent with the survey findings in previous years. Some 40 per cent reported disruption due to loss of IT.

This year's results again indicate a high level of disruption due to extreme weather incidents, such as flood or high winds, with 25 per cent having been disrupted. Although slightly lower than in 2007 and 2008, it remains a substantially greater source of disruption than in previous years. It should be noted that the survey fieldwork was conducted from mid-January 2009 and closed in early February, with over 90 per cent of responses received *prior* to the heavy snowfall, flooding and utility outages across the UK in February 2009. The figure of 25 per cent does not, therefore, indicate the extent of disruption caused by those events.

The far right-hand column in Table 1 presents the percentage of organisations overall that have BCPs which specifically cover each disruption. It again shows the dominance of IT concerns in organisations' BCM arrangements. Taken overall, it highlights how few organisations are prepared for the key threats that they face. There is also some evidence that planning may address more easily identifiable threats at the expense of some more common disruptions. For instance, relatively large numbers report that their BCM addresses the threat of fire (33 per cent), despite the fact that only 5 per cent of organisations were affected by fire in the preceding months. While the impact of such events may well be serious, organisations need to assess the risks they face from a full range of threats.

Loss of people (54 per cent) and loss of key skills (52 per cent) are worth noting as high ranking threats that are likely to have a significant impact on costs and revenue. Yet less than 30 per cent of organisations, in either instance, have covered these in their BCM arrangements. It remains vitally important for organisations to consider within their BCM the potential impact of loss of key people and skills.

Base: 1012 respondents (2009)	Disruptions experienced in the previous year									Threats covered by BCM <sup>2</sup>
	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %	2009 %	
Loss of IT	19	24	25	41	38	39	43	40	42	
Extreme weather e.g. flood/high winds	18	15	10	18	9	28	29	25	30	
Loss of people	-	26	20	28	29	32	35	24	30	
Loss of telecommunications	-	-	23	28	24	25	30	23	37	
Utility outage e.g. electricity, gas, water, sewage	-	-	-	28	19	21	14	21	26	
Employee health and safety incident	13	9	8	19	13	17	17	16	26	
Loss of key skills	33	16	14	20	19	20	21	14	26	
Negative publicity/coverage	24	17	16	17	16	19	18	14	16	
Loss of access to site	5	5	6	11	13	13	16	13	39	
Damage to corporate image/reputation/brand	15	7	8	11	8	11	10	11	19	
Supply chain disruption	19	11	12	10	10	13	12	9	19	
Pressure group protest	10	7	7	6	7	7	6	7	12	
Industrial action	-	-	-	5	6	7	7	7	16	
Fire	6	5	5	5	5	6	5	5	33	
Environmental incident	9	5	4	7	5	6	7	7	28	
Customer health/product safety issue/incident	11	6	4	6	6	6	7	4	17	
Terrorist damage	2	1	1	2	3	3	3	2	27	

**Table 1:** Disruptions experienced in the previous year; perception of threats; and threats addressed by BCM

<sup>2</sup>This column indicates those organisations whose BCM covers each particular threat, expressed as a percentage of all respondents.

### 3.3 Perceptions of risk 1999-2009

The BCM survey has also tracked, since 1999, managers' perceptions of the threats likely to have a significant impact on their organisations' costs and revenue. These trends are shown in Table 2 below. Concern over loss of IT has been a leading concern over the period, but the growth of concern over loss of key skills of people has represented an important shift in the focus of organisations' BCM. Concern over extreme weather has also grown substantially since 2007, reflecting the increased prevalence of disruption from extreme weather events.

Base: 1012 respondents (2009)	1999 %	2001 %	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %
Loss of IT	78	82	46	58	60	70	67	73	73	71
Loss of telecommunications	-	-	-	-	62	64	56	63	68	59
Loss of people	-	-	-	54	48	55	56	57	59	54
Loss of skills	37	59	43	51	48	56	49	59	62	52
Damage to corporate image/brand/reputation	41	50	40	46	48	48	39	49	55	52
Loss of (access to) site	33	55	32	54	51	53	54	60	63	55
Fire	45	62	32	51	53	56	44	53	58	48
Extreme weather e.g. flood/high winds	18	29	9	24	25	29	26	43	46	44
Terrorist damage	22	30	23	47	48	53	44	46	53	42
Negative publicity/coverage	34	43	37	45	46	44	34	43	51	41
Employee health and safety incident	22	30	22	35	34	35	30	38	44	40
Environmental incident	20	19	19	26	23	35	27	30	36	31
Supply chain disruption	-	-	25	34	32	35	28	34	37	31
Customer health/product safety	19	21	22	25	26	27	26	31	35	28
Pressure group protest	7	14	9	14	27	20	16	18	27	21

**Table 2:** Perception of major threats to costs and revenues 1999-2009

Awareness of risks does not necessarily appear to be followed through into adoption of BCM measures to mitigate these risks (as revealed by the figures in Table 1 above). This suggests that many organisations continue to neglect the need to introduce BCM measures that are robust and proportionate to the organisation's size and exposure to risk.

# 4. Effectiveness of Business Continuity Management

## 4.1 Effectiveness of BCM in reducing disruption

Previous years' surveys have consistently found that the vast majority of managers agree that BCM helps to reduce disruption. The 2009 survey continues to reflect this trend. A total of 91 per cent of respondents in organisations that had invoked their BCP in the previous 12 months either agreed or strongly agreed that it had been effective in reducing the disruption.

## 4.2 Supporting employees

New questions in the 2009 survey examined in more detail how effectively BCPs, if activated, had been in enabling organisations to support employees through the disruption.

There was strong agreement that the BCP had both helped to cope with the immediate effects of an incident on employees and had enabled the organisation to manage those employees while in the continuity phase following a disruption.

However, as shown in Table 3 below, the figures suggest that there is room for improvement in how the BCP supports the personal or family resilience of employees, and how employees are supported after the recovery. Not all disruptions may be of such a scale that these aspects are necessary – but the extent of disagreement on these items suggests that some plans have not been adequate in addressing these areas.

Base: 530	Disagree/ strongly disagree %	Neither agree nor disagree %	Agree/ strongly agree %
It helped to cope with the immediate effects of an incident on employees	6	22	73
It enabled the managing of employees during the continuity phase	6	22	72
It supported employees after recovery	9	45	45
It catered for the personal/ family resilience of employees (i.e. knowing that partners and/ or children are safe)	18	51	31

**Table 3:** Effectiveness of BCPs in addressing employee aspects of disruptions

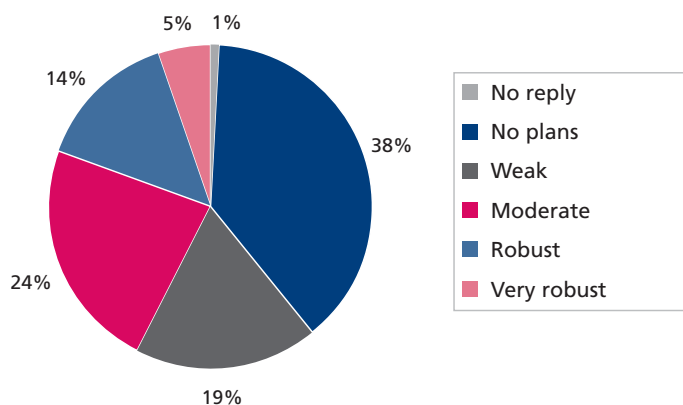
## 4.3 Supporting community resilience

New questions in the 2009 survey explored how, in the event of an emergency, organisations might support their local communities. Over half of respondents (56 per cent) stated that they would temporarily release employees to assist the local community. Forty seven per cent indicated that they would provide support for employees' individual arrangements (e.g. family plans) – but, given the weaknesses noted above in section 4.2, this may not be well-implemented in practice at present.

In addition, 37 per cent of organisations indicated that they would loan or supply resources and equipment to the local community. The same number said that they would provide temporary shelter for members of the public. Just under one quarter (23 per cent) of managers reported that their organisation would provide emergency food and essential supplies.

#### 4.4 Extent and robustness of influenza planning

In light of the risk of a human influenza pandemic, the survey has asked since 2006 whether organisations have plans in place to ensure that they could continue to function in the event of a pandemic. The findings suggest a small decrease in the level of planning activity, with the number of organisations reporting that they have ‘moderately’ robust plans down from 27 to 23 per cent in 2009.



**Figure 5:** Perceived effectiveness of plans for an influenza outbreak

Managers in larger organisations are more likely to view their organisation’s plans as well-developed; 32 per cent in large organisations believe their plans would be robust or very robust. Fifty-three per cent of small organisations still have no plans, a rise of 3 per cent from 2008.

#### 4.5 Anticipated absence levels

Organisations that do have plans to respond to influenza appear to be anticipating similar levels of absence as in previous years, as shown in Table 4 below. Government advice is that as a prudent basis for planning, organisations employing large numbers of people should ensure that their plans are capable of handling staff absence rates building up to a peak of 15 to 20 per cent lasting 2-3 weeks – over and above usual absenteeism levels. Small businesses or larger organisations with small critical teams should plan for levels of absence building up to 30 to 35 per cent at the 2-3 week peak.

Base 495 (2009)	2007 %	2008 %	2009 %
Up to 10% absenteeism	18	21	21
11-20% absenteeism	23	27	23
21-30% absenteeism	23	24	25
31-40% absenteeism	17	13	11
Over 40% absenteeism	19	15	20

**Table 4:** Planning for pandemic influenza: absenteeism levels, 2007-2009

The survey also asked how long organisations anticipate that possible pandemic-related absences will last. The figures for 2009 show that more organisations are planning for absences of 2-4 weeks, in line with Government advice.

**Table 5:** Anticipated length of employee absenteeism 2007-2009

Base: 510 (2009)	2007 %	2008 %	2009 %
0-1 weeks	15	19	18
1-2 weeks	27	32	24
2-4 weeks	28	21	30
More than 4 weeks	30	28	28

#### 4.6 The impact of school closures

In the event of school and childcare closures during a human influenza pandemic, increased parent-worker absences could have a significant impact on organisations. Currently seventy-one per cent believe that this would have a high/moderate level of disruption, a similar level to those reported in previous years. However, given that many organisations do not have plans to respond to influenza, these assessments may underestimate the risk and organisations should weigh the potential impact carefully.

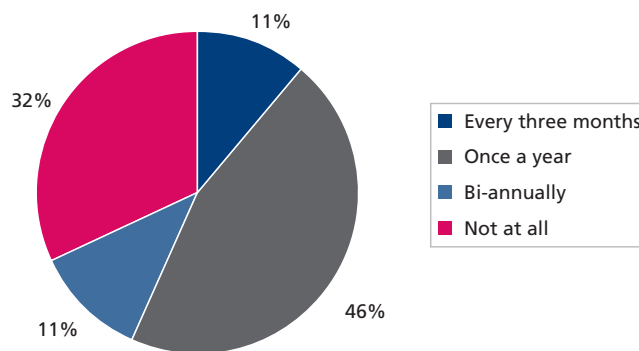
**Table 6:** Impact of increased parent-worker absences due to school and childcare closures

Base: 1012 (2009)	2007 %	2008 %	2009 %
No or negligible level of disruption	26	22	20
Moderate level of disruption	47	47	52
High level of disruption	20	24	21
Organisation could not function	2	2	2

#### 4.7 BCP rehearsals

Exercises are a fundamental aspect of good BCM practice, enabling plans to be revised, refined and updated before weaknesses are exposed by a real disruption. Over half (57 per cent) of managers whose organisations have BCPs reported that they undertake an exercise of their plans once or more per year. This represents an increase on 2008 (49 per cent) and 2007 (50 per cent).

However, 32 per cent reported that they do not rehearse their BCPs at all.



**Figure 6:** Frequency of exercising BCPs, 2009

Seventy five per cent of those who had exercised their plans said that the rehearsals had revealed shortcomings in their BCP, enabling them to make improvements to the plan. Nevertheless, 10 per cent reported that they had not taken steps to address the weaknesses that had been revealed.

Base: 530 respondents (2009)	1999 %	2001 %	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %
Every three months	10	4	6	8	5	3	5	4	10	10
Once a year	30	31	39	36	40	38	34	18	39	40
About every two years	9	9	7	8	7	10	10	6	18	10
Not at all	30	40	16	19	24	20	30	19	33	28
Don't know	-	-	16	12	8	13	21	-	-	-

**Table 7:** Frequency of rehearsals

#### 4.8 BCM training

There is some evidence of a fall in BCM-related training activity. Among those who have a BCP, 28 per cent include training on the organisation's BCM arrangements in the induction process for all new employees – down from the levels reported in 2008 (35 per cent) and 2007 (30 per cent). Fifty-four per cent provide additional training for relevant staff, down from 58 per cent in 2008.

With total staff turnover at 12.4 per cent in 2007-08<sup>3</sup> there will be a need for increased levels of training to support effective BCM and build resilience against disruption.

##### Learning from Experience

A number of respondents offered lessons from their experiences of having activated a Business Continuity Plan in response to a disruption.

One manager in a legal/accounting firm in the South West of England reflected that the plan needed to be improved and more widely understood throughout the organisation:

*Further consideration needed to be given to the plan and it needed to be more widely communicated so that a larger proportion of staff are aware of it. This has led to a reconsideration of the existing plan.*

A junior manager in a finance and insurance company in the South East highlighted the importance of communication at the time of a disruption – and of senior management involvement: *We needed better communication and quicker escalation of the issue to senior management.*

One director of an education provider noted that over-reliance on IT systems can result in vulnerability in the event that those IT resources become unavailable: *Having access to contact details of all delegates on imminent courses, to warn them of course cancellation, is vital. Don't hold these on the PC only, as this was not accessible.*

One director of a large company in the utilities sector reflected that a failure to implement the findings of a previous BCM rehearsal had caused further problems:

*On one loss-of-power emergency it materialised that one of the recommendations from a previous review had not been implemented. Better follow up and post-incident audit processes are now being implemented.*

<sup>3</sup> National Management Salary Survey, Chartered Management Institute and CELRE, March 2008

## 5. Building resilience: alternative offices and remote working

### 5.1 Alternative work spaces

Over two thirds (71 per cent) of respondents reported that they have access to an alternative office or work site in the event of a major disruption, slightly up from 2008 (68 per cent). Managers in organisations with over 1,000 employees were most likely to have alternative work sites (81 per cent). At the other end of the spectrum, 73 per cent of owner-manager/sole-traders also reported having access to alternative sites.

### 5.2 Remote working

Providing the ability to work remotely can be a useful part of BCM preparations for many organisations. For instance, many employees may be unable or unwilling to travel to the office in the event of a significant disruption. As in 2008, just over half of managers report that their organisation could support remote working to a 'great extent', although some 5 per cent report that their IT systems do not enable remote working.

**Table 8:** Preparedness for remote working in the event of a major disruption

Base: 1012 respondents (2009)	2007 %	2008%	2009 %
To a great extent	53	51	53
To a small extent	28	28	24
Not possible due to nature of the organisation's work	12	15	17
Our IT systems do not support remote working	5	5	5

## 6. Managing Business Continuity

### 6.1 What is driving the adoption of BCM?

The finding that BCM is more common in the public sector and in listed companies is consistent with the survey's findings on the drivers behind the adoption of BCM by different organisations. Corporate governance was again the most commonly identified driver of BCM (47 per cent) and was followed by central government (33 per cent) – which, unsurprisingly, was the leading driver for public sector managers. Existing customers, legislation and regulators were each identified as the next three most important drivers.

Indeed, there is a strong commercial driver for adopting BCM. Existing and potential customers were both significant drivers for private limited and public limited companies. Those owner-managed organisations and sole traders that have adopted BCM were also much more customer-oriented in their approach – existing customers (35 per cent) and potential customers (39 per cent) were the most important drivers for these organisations.

## 6.2 Who takes responsibility for BCM?

In those organisations that have BCPs, responsibility for leading BCM rests with senior management or the board in the majority of cases as indicated in Table 9 below.

Base: 530 (2009)	2005 %	2006 %	2007 %	2008 %	2009 %
Senior management	49	49	41	47	42
Board	27	22	29	23	21
BCM team	8	18	16	19	19
Operational staff	4	5	5	5	4
Operational risk department	2	4	5	4	4

**Table 9:** Responsibility for leading BCM, 2005-09

## 6.3 Internal stakeholders in BCM

There appears to be a substantial degree of cross-functional working behind the development of BCPs. IT teams are still most commonly involved although there is widespread involvement of other teams as shown in Table 10 below.

Base: 530 (2009)	2007 %	2008 %	2009 %
IT	65	58	63
Facilities management	57	53	56
Risk management	53	54	54
Human resources	56	50	54
Finance	52	47	48
Security	45	37	41
Purchasing/procurement	29	29	29
Public relations	32	29	28
Marketing	19	16	17
Sales	17	13	14
Outsourcing	16	13	12
None of the above	3	5	3
Other	10	9	6

**Table 10:** Functions involved in creating the BCP, 2007-09

The need to involve specific groups will vary according to the nature of the organisation and its business. Involvement of the HR function, for instance, may be appropriate to help ensure that the BCP addresses employee needs (see section 4.2 above).

## 6.4 BCM budgets

The 2009 survey asked a new question regarding organisations' annual spend on BCM. While only limited numbers were able to indicate their organisation's approximate spend, the responses did show that wide variations exist. This is in some ways unsurprising, as budgets may well vary in proportion to the organisation's BCM needs.

The majority of owner-managed/sole trader and small organisations reported that they spent under £1,000, although some spent between £1,001 and £10,000. Among medium sized organisations, the majority spent under £10,000, although a third spent £10,000-100,000. Among large organisations (more than 250 employees), almost 70 per cent spent £100,000 or less – although some spent up to half a million, with a small number also reporting budgets of over £500,000.

## 6.5 Evaluating BCM Capability

The survey asked how organisations evaluate their BCM capability. For the second consecutive year, legislation was most widely used. This is likely to reflect the impact of the Civil Contingencies Act 2004, with as many as 53 per cent of public sector respondents identifying the use of legislation for evaluation. Notably, use of BS 25999 has doubled since 2008, from 9 per cent to 18 per cent.

However, a significant 30 per cent of respondents reported that they do not evaluate their BCM capability at all. Private limited companies (40 per cent) and charity/not-for-profit organisations (45 per cent) were most likely to report that they do not evaluate their BCM.

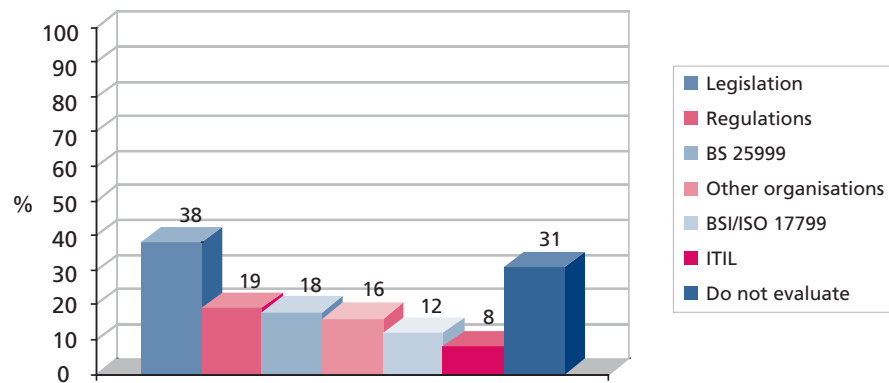


Figure 7: Use of methods for evaluating BCM capability, 2009

## 6.6 The British Standard on BCM: BS 25999

The British Standards Institution's full standard for BCM, BS 25999, was launched in 2007 to provide a uniformity of approach in BCM across private, public and voluntary sectors and to provide a method of assuring BCM down the supply chain. Awareness of the standard amongst those organisations that have a BCP has remained relatively steadfast, rising from 32 per cent in 2007 to 41 per cent in 2008 and falling to 39 per cent in 2009.

Among those that are aware of BS 25999, 13 per cent are looking to achieve outright certification. Nineteen per cent plan to comply with the standard without achieving accreditation, while 42 per cent intend to use it for guidance. Four per cent will use it to ask for compliance from suppliers. (See Section 7 below for further discussion of supply chain issues).

### 6.7 Providing guidance for managers

Under the Civil Contingencies Act 2004, local authorities have been obliged since 2006 to offer advice and assistance on BCM to local businesses and voluntary organisations. Some 29 per cent of respondents overall were aware of the BCM guidance provided by their local authority or Local Resilience Forum, slightly down from 32 per cent in 2008 but nonetheless up from 23 per cent in 2007. Managers in larger organisations were most likely to be aware (36 per cent), with those in medium or small organisations a little less likely (24 per cent and 15 per cent).

The sources of information about BCM most commonly referred to by managers were internal sources in their organisation (41 per cent), professional bodies (40 per cent) and central government (34 per cent).

## 7. BCM and the supply chain

### 7.1 Use of BCM among suppliers

A majority of respondents (67 per cent) report that their organisations outsource some of their facilities or services. However, the use of BCM down the supply chain remains limited as indicated in Figure 8 below.

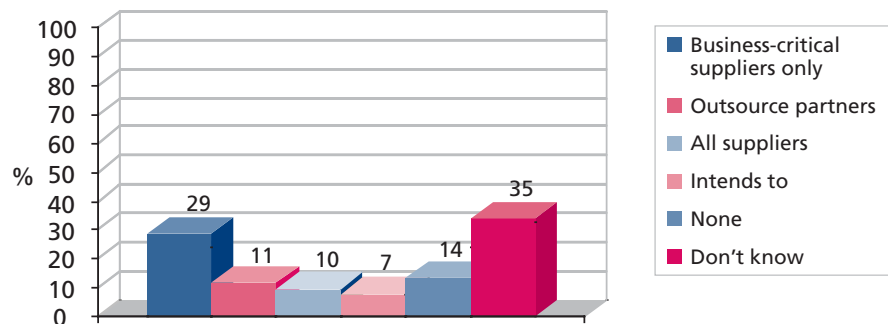


Figure 8: Use of BCM among suppliers and outsource partners, 2009

### 7.2 Verifying suppliers BCM

The survey asked how those who require outsource partners or suppliers to have BCPs verify those plans. Nineteen per cent accept a statement from the supplier/partner in question. Eighteen per cent take the more active step of examining the supplier/partner's BCP, while 10 per cent are involved in the development of the supplier/partner's BCM. Eight per cent use a third party audit and 6 per cent assess their supplier's or partner's plans against BS 25999.

## 8. Recommendations

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- The Chartered Management Institute and the Cabinet Office recommend that all organisations have a robust and proportionate approach to Business Continuity Management. Organisations need to act to ensure resilience in the parts of their business that are essential to ensuring continuity of operations.
- Organisations should ensure their BCM capabilities are not degraded as a result of the current economic conditions. While there may be pressure to cut budgets, organisations should carefully consider the potential impact of a prolonged disruption – for instance on customer relationships, sales and cash flow – in an already challenging economic climate.
- Senior management should take responsibility for BCM, including the development of robust, fully-rehearsed and well-communicated plans. All managers and employees should be aware of their duties in the event of a disruption.
- Organisations need to be wary of not working in silos when addressing BCM. The need to involve specific groups will vary according to the nature of the organisation and its business. The involvement of the HR function will help to ensure that the BCP addresses employee needs.
- Organisations' BCPs should address not only technological or physical requirements, but also people and skills needs. For many organisations there remains a pressing need to address these aspects of BCM.
- A holistic approach to BCM should be used to help ensure resilience in the face of a range of risks. Managers should make full use of the Government's 'Planning Assumptions' which are derived from the National Risk Assessment and set out the type of major emergencies the Government anticipates may arise, and the nature and scale of the consequences were they to do so. These are available at <http://www.preparingforemergencies.gov.uk/business/index.shtm>
- Organisations which have adopted BCM should seek to enhance its effectiveness through regular, thorough and comprehensive rehearsals/exercises.
- IT and communications systems intended to support remote working in the event of disruption should be in place and fully tested prior to any disruption.
- We recommend that organisations conduct assessment and benchmarking of their BCM using dedicated guidelines or standards. BS 25999 provides a basis for such an assessment.
- BCM should be used more extensively throughout supply networks, in particular with essential suppliers and outsourced providers. It is important to check whether suppliers have exercised their BCM and plans should be verified and audited where possible. BS 25999 was designed to support BCM assurance throughout the supply chain.
- Companies should demonstrate their commitment to BCM to key stakeholders. The Business Review, in which directors are required to assess the principal risks to their company, offers an opportunity to demonstrate senior management commitment to shareholders and wider stakeholders. Some organisations will find it useful to communicate their BCM arrangements to suppliers and customers.
- Organisations should consider how they may be able to use their BCM arrangements to support their local communities in the event of an emergency. Engaging with the community at this level may form part of the organisation's corporate social responsibility activity.

## 9. Help and Advice

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### **Business Continuity Management Toolkit**

The Civil Contingencies Secretariat has developed, in partnership with stakeholders, a Business Continuity Management Toolkit to assist organisations to put in place business continuity arrangements. The toolkit is a step-by step guide to the six elements that make up the BCM lifecycle as set out in the Business Continuity Management Standard, BS 25999. The toolkit has been specifically developed with small and medium businesses and voluntary organisations in mind, although it is applicable to all sizes of organisation across all sectors.

The toolkit also links to other sources of information such as the Government's 'Planning Assumptions' which describe the type of major emergencies which the Government judges may arise, and the nature and scale of consequences were they to do so. The toolkit is available at :

<http://www.preparingforemergencies.gov.uk/bcadvice/index.shtm>

### **National Risk Register**

The National Risk Register sets out the Government's assessment of the likelihood and potential impact of a range of different risks that may directly affect the UK.

The National Risk Register 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.

[http://www.cabinetoffice.gov.uk/reports/national\\_risk\\_register.aspx](http://www.cabinetoffice.gov.uk/reports/national_risk_register.aspx)

### **Civil Contingencies Act 2004**

The Civil Contingencies Act 2004 required frontline responders<sup>4</sup> to maintain internal BCM arrangements and, in addition, since May 2006 local authorities have been required to promote BCM to business and voluntary organisations in their communities. Chapters 6 and Chapters 8 of the statutory guidance 'Emergency Preparedness' <http://www.ukresilience.info/preparedness/ccact/eppdfs.aspx> sets out how these requirements should be carried out.

In addition to this specific guidance, the 'UK Resilience' website at [www.ukresilience.info](http://www.ukresilience.info) provides a range of advice for frontline responders on emergency preparedness, response and recovery.

### **Influenza pandemic**

For the most up-to-date guidance on planning for a flu pandemic, please check the 'Preparing for Emergencies' website at: [http://www.preparingforemergencies.gov.uk/business/generic\\_challenges/staff1.shtm](http://www.preparingforemergencies.gov.uk/business/generic_challenges/staff1.shtm)

### **BS 25999 Business Continuity**

The British Standard for Business Continuity, BS 25999, provides a basis for understanding, developing and implementing business continuity within an organisation. Developed by a broad range of experts and industry professionals, the standard is for any organisation, large or small, from any sector. BS 25999 comprises two parts. Part 1, the Code of Practice, provides best practice recommendations; while Part 2, the Specification, provides the requirements for a Business Continuity Management System based on best practice. It can be used to demonstrate compliance via an auditing and certification process. BS 25999-1 can be purchased and downloaded from the BSI's website, [www.bsi-global.com](http://www.bsi-global.com).

### **Management Information Centre**

Members of the Chartered Management Institute have access to the Institute's Management Information Centre, which holds one of the largest management libraries in the UK. It delivers a wide range of practical online information services to support the needs of practising managers, with an 'Ask a Researcher' service available to help you find exactly what you need. See [www.managers.org.uk/MIC](http://www.managers.org.uk/MIC).

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<sup>4</sup> A list of Category 1 and Category 2 responders as defined by the Civil Contingencies Act 2004 can be found at <http://www.ukresilience.info/upload/assets/www.ukresilience.info/15mayshortguide.pdf>

# Appendix A

The table below outlines key messages for a range of specific sectors. It highlights the percentage in each sector that have a BCP; the most common drivers of BCM for the sector; the percentage of respondents that had not received any external requests for information on their BCM, which offers an indicator of how BCM is being driven; and key messages for organisations in each sector.

Sector	% with BCP 2009	Principal drivers	% not asked for information 2009	Key messages
Business Services	31	Existing customers; potential customers; insurers & public sector procurement	54	Organisations are at their most vulnerable during a general economic downturn. Any disruption may cause customers to find alternative suppliers that in turn can hit an organisation's cash flow that may lead to financial failure. Effective BCM can reduce the effects of a disruption and assure customers that the organisation is resilient. Customers and insurers should be informed of BCM arrangements. It is essential to ensure key suppliers have BCM in place: BS 25999 may be used to assess their capability.
Central Government	90	Central government; corporate governance and public sector procurement	14	Central government bodies should set an example in the UK by maintaining effective BCM arrangements to protect continued delivery of public services. They can raise public awareness of the importance of BCM and how it is helping to make UK plc more resilient. It is essential to insist that suppliers to central government have effective BCM in place. BS 25999 may be used for internal and external assessment.
Construction	37	Existing customers; corporate governance and insurers	54	Construction companies are very vulnerable during the current economic downturn. To minimise the risks associated with disruptions it is essential that BCM is adopted by the industry and specifically built into projects. The industry is dependent upon a complex web of suppliers and subcontractors who should also adopt BCM. It is possible that BCM will become a pre-requisite in order to bid for major contracts. Insurers should be informed of BCM arrangements.
Education	44	Corporate governance; central government; auditors	44	The closure of schools has a serious impact upon other sectors as parents struggle with childcare arrangements. Effective BCM arrangements can minimise the affect of disruptions on the wider community. Student satisfaction is paramount within higher education and it is essential to maintain course delivery – BCM arrangements should recognise this. Research is an important revenue stream for this sector and some funding organisations are insisting on BCM being in place.
Finance, insurance	86	Corporate governance; regulators; auditors	8	Some national regulations already require BCM and emerging international regulatory requirements may place a greater emphasis on BCM. It is essential that BCM covers all risks and is not just limited to those around IT. All partners in the financial system need to have effective BCM.
Health and social care	62	Corporate governance; central government; regulators	28	Awareness of BCM in this sector is high and may reflect the Department of Health's high-level resilience project. BS 25999 has been accepted as the basis for BCM and specific NHS guidance is being produced. It is essential to ensure that suppliers, partners and other agencies involved in service delivery have effective BCM. As NHS structures change it is essential to maintain and adopt BCM arrangements.

continued...

Sector	% with BCP 2009	Principal drivers	% not asked for information 2009	Key messages
IT	50	Existing customers; corporate governance; potential customers	25	IT services remain one of the most essential resources for all organisations and in many cases IT has been outsourced. BCM is a key element of any contract. The ability to demonstrate effective continuity will provide assurance to existing and potential customers. Many IT solutions involve the integration of a wide range of products and services; it is therefore essential that organisations providing the components of these solutions also have effective BCM. BS 25999 provides the basis for assessment.
Local Government	79	Central government; corporate governance; legislation	18	The Civil Contingencies Act 2004 has led to widespread implementation of BCM. Local government also has a key role to play in promoting BCM in the UK, with a responsibility under the Act to promote BCM to the business and voluntary organisations in their area. Smaller organisations form the basis of economic activity in the UK and are the most vulnerable to any disruptive event. Local authorities must ensure they provide appropriate guidance. BCM should also be included in supplier and partner contracts.
Manufacturing and production	39	Existing customers; insurers; corporate governance	45	This sector is dependent upon complex and extended supply networks. At a time of economic pressure it is essential to monitor these networks as any disruption of supply could result in a failure to meet customer demand. Customers may be less sympathetic to supply failure and there are many others willing to take on new contracts. It is essential to ensure that key suppliers have effective BCM arrangements in place. BS 25999 provides a basis for BCM assurance and is already being used worldwide. Where a key supplier cannot give adequate assurance then it is essential to make alternative arrangements for continuity of supply.
Transport and logistics	45	Corporate governance; central government; legislation	36	The services delivered by this sector are critical to almost all other sectors; making it one of the elements of the UK's critical infrastructure. Recent events have shown that the sector can be impacted by a variety of disruptions. It is important that key players adopt BCM to meet customer expectations. As many other organisations provide services that maintain the transport and logistics sector BCM must also extend down through the supply chain.
Utilities – electricity, gas, water	62	Regulation; legislation; corporate governance	10	It is essential that organisations in this sector have effective BCM. The Pitt Review on the 2007 flooding emergency highlighted this requirement and suggests that BS 25999 should be used as the basis for implementing effective BCM. This sector is dependent upon a complex supply network so it is essential that BCM requirements be pushed down to key suppliers.

## Appendix B - Profile of respondents 2009

Base: 1,012	2009 %
<b>Status of organisation</b>	
Public sector	31
Public limited company	15
Private limited company	32
Charity/not for profit	1
Partnership	4
Owner managed/sole trader	5
<b>Sector</b>	
Agriculture, forestry & fishing	1
Business services	4
Central government	5
Construction	4
Consultancy	7
Creative/media	0
Defence	6
Education	11
Electricity, gas & water	3
Engineering	6
Finance & insurance	4
Fire & rescue	1
Health/social care	9
Hospitality, catering, leisure & tourism	2
Housing & real estate	3
IT	2
Justice/security	2
Legal & accounting services	1
Local government	8
Manufacturing & production	10
Mining & extraction (inc. oil and gas)	1
Police	1
Sales/marketing/advertising	1
Telecommunications & post	1
Transport & logistics	3
Wholesale & retail	3

Base: 1,012	2009 %
<b>Organisation size</b>	
None (i.e. sole trader)	5
1-50	23
51-250	14
251-1,000	17
Over 1,000	40
<b>Area of operation</b>	
Local	22
Regional	18
National	21
International	37
<b>Location</b>	
East of England	5
London	13
East Midlands	6
West Midlands	9
South East	16
South West	11
North East	3
North West	9
Yorkshire & the Humber	7
Northern Ireland	1
Scotland	8
Wales	4
Other	5

Percentages may not total 100 due to rounding.

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