

# DIRECTORS SHOULD DEMAND BUSINESS CONTINUITY EXERCISES THAT PROVE THEIR MANAGEMENT STRUCTURES

When faced with a failure of its systems the ability of an organisation to respond will be determined through a combination of people, procedures, and facilities. Senior management must recognise the positive benefit that exercises play in controlling and monitoring the exposure to risk of their organisations and demonstrating good corporate governance.

Failure of critical systems will lead to significant impacts on organisations. Whilst effective Business Continuity Planning will help to identify and control such failures, incidents can occur which trigger much wider impacts. These impacts can cause significant damage from which an organisation can suffer long term harm and its senior management personal exposure.

Loss of a critical system combined with the organisational weakness, which gave rise to the potential for failure, is one of the hardest areas to identify. Correctly structured business continuity exercises allow a dynamic environment to be created which can exploit a combination of events to expose "latent and/or active" failures within the management structures. This is a powerful demonstration of compliance to a governance auditor.

Exercises and tests that are capable of demonstrating the linkage between risk identification for business continuity and the management of risk through internal governance provide a demonstration of effective Business Continuity. Such exercises should challenge the understanding and perception of risk across an organisation and should validate the governance systems for the company.

## **Value for money**

However many organisations seek to limit the scope of exercises to the testing of plans and procedures, ignoring the wider benefits offered by an integrated programme. The integrated programme must demonstrate:

- Identification of risk and vulnerability
- Recognition of critical systems
- Testing of effective arrangements
- Organisational strengths and weaknesses
- Growth of personnel skills
- Implementation of learning
- Testing under realistic business conditions.

Routine exercises which involve asset damage and loss based scenarios will give a false reading of an organisation's preparedness.

In contrast the benefits to be gained from a properly researched and structured integrated programme will feed back into governance audits, reduce the impact of downside risk and identify opportunities for improved organisational efficiency.

With a well constructed scenario involving business and strategic implications the organisation can gain maximum benefit from the investment of time and resources.

It will also provide increased awareness of vulnerability and validation of the risks associated with the loss of critical systems

## **Gaining the benefits**

Such an approach integrates business continuity with corporate risk management and governance.

The key drivers for business continuity should reflect the operational and business exposure of the organisation ie its risk and vulnerability profile. This should include the risks associated with the core organisational systems including people, knowledge, reputation and other intangibles.

Business continuity arrangements often fail to recognise the interactive nature of risk and conveniently place the results in silos.

The recently issued British Standards Institute PAS56 (Guide to Business Continuity Management) recognises the linkages between mission critical activities and corporate objectives.

These must now be validated through a correctly developed and delivered programme of exercises providing executives with a unique opportunity to independently assess the capability of an organisation. Such a programme will additionally allow those executives to examine and view the resilience of their organisation and to monitor the capability of their systems to respond to dynamic change.

If you are planning to spend money to test your arrangements make sure you get best value advice.

*LINK Associates International listens to its clients and develops a partnership to deliver solutions to organisational failure, corporate governance vulnerabilities, crisis command centre development and training and workplace health and safety.*

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