

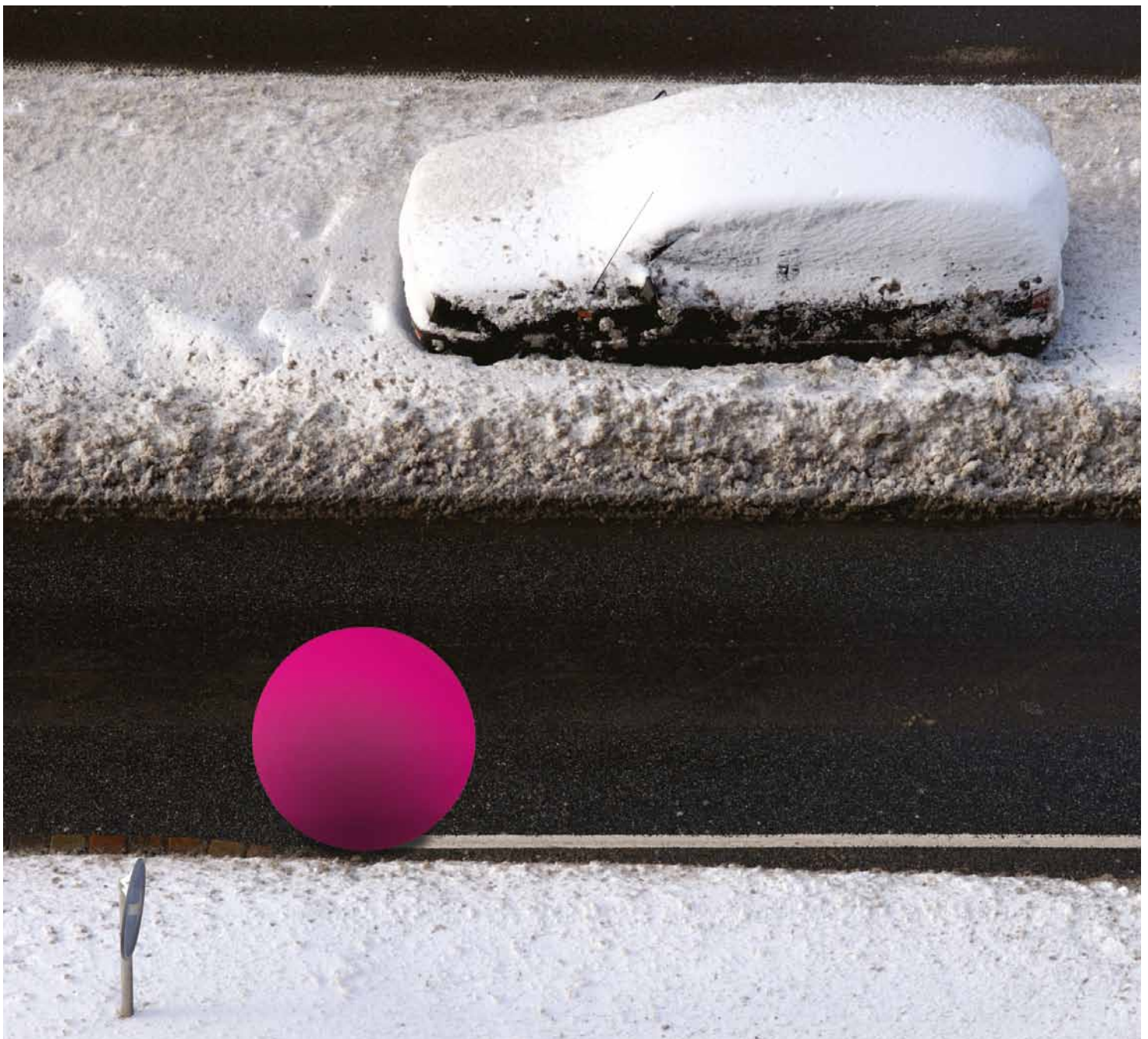
Disruption & Resilience

The 2010 Business Continuity Management Survey



March 2010

Patrick Woodman and Paul Hutchings



In association with



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Foreword

I am delighted to support the latest edition of the Business Continuity Management report. Underpinned by research carried out by the Chartered Management Institute, this report continues to be sponsored by the Civil Contingencies Secretariat as part of our commitment to improve the resilience of businesses and organisations in the UK.

Last year, my predecessor reflected that our ability as a nation to respond effectively to disruptive challenges had improved in the previous five years, but that large gaps remained. Many organisations were still at risk of significant disruption or even failure. This remains the case.

But this year's report is encouraging in that the number of small organisations and charity/not for profit organisations with business continuity plans has increased. Despite the increasing economic pressure, more senior managers in those organisations which do plan can see the importance of preparing for possible disruption caused by the commonest kinds of hazard in the National Risk Register. Those who have had to activate their business continuity plans believe that they had been effective in reducing the impact of disruption.

This report also shows the benefits of an all-hazards approach to business continuity planning. For the first time, disruption to Information Technology has been supplanted by extreme weather as the most persistent disruptive challenge that organisations have faced. The increased risks of disruption by severe – not just extreme cold – weather will be one of the features of the next update of the National Risk Register.

Economic pressures will mean that businesses of all sizes need to consider carefully their investment in security and resilience. Business Continuity Management remains a cost-effective approach, particularly when allied to better informed risk assessment. I hope that all businesses will consider this report carefully, together with the guidance in the British Standard (BS 25999) and the National Risk Register, in deciding on their continued investment in effective business continuity planning.



Christina Scott
Director
Civil Contingencies Secretariat

Executive summary

- **Adoption of business continuity management:** the number of organisations with specific business continuity plans covering their operations has fallen slightly to 49 per cent, compared to 52 per cent in 2009.
- **The impact of extreme weather:** the most common disruption to hit organisations over the past year was extreme weather, which was identified as a disruption to 58 per cent of organisations – up from 25 per cent in 2009. It replaced IT disruption as the top disruption for the first time in this research series' history. In particular, the snowfall in December 2009 and January 2010 affected 93 per cent of organisations.
- **The impact of swine flu:** concerns about the potential impact of swine flu were not, in the event, borne out over the past year. While 56 per cent of organisations reported disruption as a result of swine flu, only 3 per cent described the disruption as 'significant'.
- **Reducing disruption:** 79 per cent of managers who had activated their business continuity plans in the past twelve months agreed that it effectively reduces the impact of disruption. This once again emphasises the importance of using BCM to minimise disruption.
- **Remote working:** around half of respondents (54 per cent) report that they could continue to work to a great extent by working remotely in the event of a disruption. Smaller organisations continue to remain in a weaker position to support remote working.
- **Drivers of BCM:** corporate governance remains the biggest driver for organisations implementing BCM, yet it has dropped from the 2009 level (47 per cent in 2009 to 38 per cent in 2010). Commercial drivers of BCM remain prominent with demands from existing customers (31 per cent) and potential customers (21 per cent) acting as drivers. Central government (21 per cent) and public sector procurement contracts (16 per cent) continue to play an important role.
- **BS 25999:** 41 per cent of respondents who have business continuity plans are aware of BS 25999, the British Standard for Business Continuity. Of the organisations with a specific business continuity plan only 14 per cent use the standard to evaluate it.
- **Guidance:** overall 28 per cent of respondents were aware of the guidance on business continuity management provided by their local authority or Local Resilience Forum. The most commonly used sources of information on BCM were professional bodies (33 per cent) and internal sources (28 per cent).
- **BCM budgets:** only around a quarter of managers said they had a dedicated budget (27 per cent) while around half (48 per cent) reported that they do not. A quarter did not know. It does not appear that the recession has resulted in extensive budget cuts.
- **Responsibility for BCM:** Human Resource departments are now the most commonly involved internal stakeholder in BCM alongside IT teams having jumped from 63 per cent in 2009 to 72 per cent in 2010. This suggests an increasing recognition that people matter in business continuity planning – a perspective CMI and the Cabinet Office strongly support.

1. What is Business Continuity Management?

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 Institute's Code of Practice for Business Continuity Management

BCM is an established part of the UK's preparations for the possible threats posed to organisations, 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 recommended that BCM should be more widely implemented by infrastructure providers. It also called on local authorities to help businesses improve their resilience against flooding.

BS 25999, the British Standard for BCM, provides a basis for understanding, developing and implementing BCM within an organisation. In 2007 the British Standards Institute published the second part of BS 25999, the Specification, which enables organisations to demonstrate compliance via an auditing and certification process.

The 2010 survey

This report presents the findings of research conducted in early 2010 by CMI in conjunction with the Civil Contingencies Secretariat in the Cabinet Office. A sample of 15,000 individual CMI members was sent a self-response questionnaire, with invitations to participate sent by email and by post. A total of 903 responses were received: see Appendix B for details of the respondent sample. As in previous reports in this series, the respondent group consists of general managers across organisations, rather than those with specific responsibility for BCM.

CMI's first survey on BCM was conducted in 1999. It was repeated in 2001 and has been published annually since then, making this the eleventh report in the series.

2. The extent of Business Continuity Management

2.1 Levels of Business Continuity Management

This research series has tracked how many managers are aware of a specific Business Continuity Plan (BCP) covering critical business activities in their organisation. The 2010 study shows a small fall to 49 per cent, from 52 per cent the previous year – which was the highest level yet recorded.

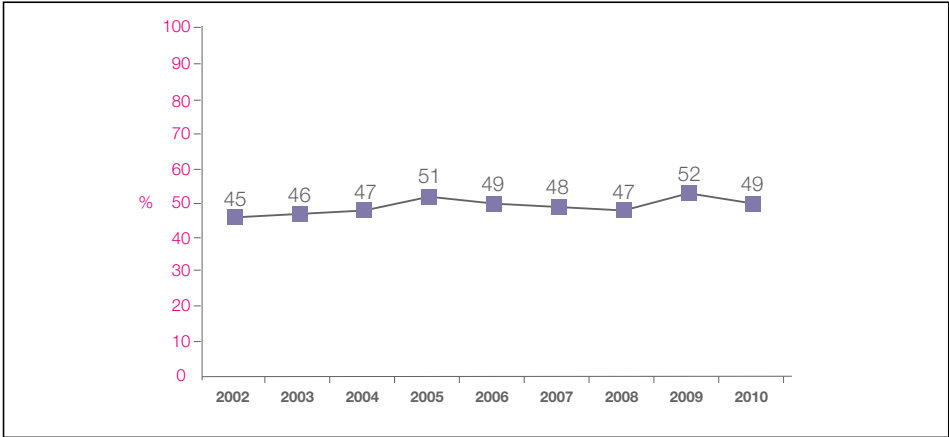


Figure 1 Organisations with a specific BCP (2002-2010)

2.2 Variation between different types of organisation

The survey data shows considerable differences between organisations of different sizes. As shown in Figure 2, below, larger organisations are more than twice as likely to have dedicated BCPs than smaller organisations (65 per cent compared to 29 per cent). The number of small organisations with a BCP has, however, increased from 25 per cent in 2009, while there has been little change among medium and large organisations. Sole traders have seen a considerable drop in BCP levels, pulling the overall rate downwards.

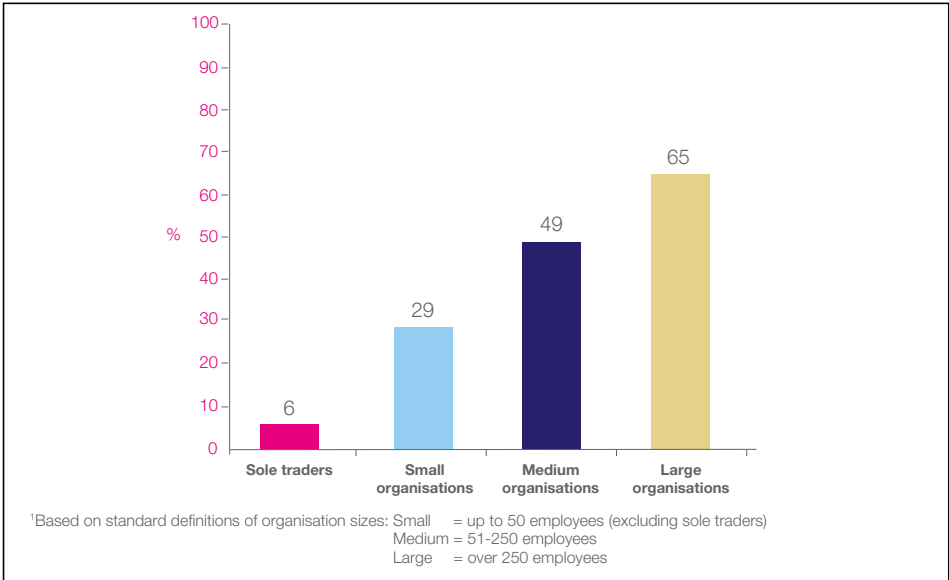


Figure 2 Organisation size¹ and BCP levels (2010)

Major differences in the uptake of BCM are apparent between different types of organisation. Unsurprisingly, BCM is most common in the public sector where the Civil Contingencies Act 2004 made BCPs a requirement for many public sector organisations.

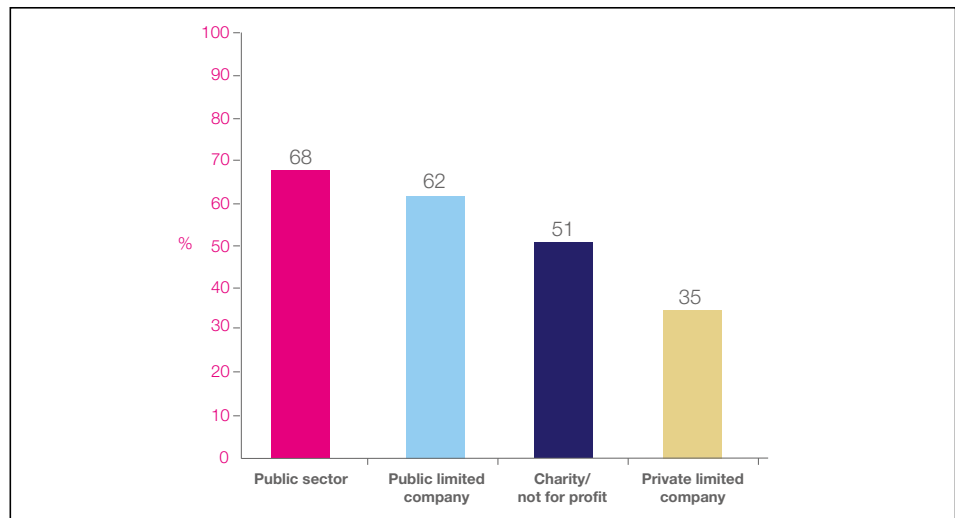


Figure 3 Uses of BCPs in different types of organisation (2010)

Public limited companies remain the next most likely to have a BCP. The number of charity/not for profit organisations with a BCP has risen from 42 to 51 per cent, while private limited companies are again the group with lowest levels of take up.

Geographical analysis shows that adoption of BCM is not uniform across the UK. Managers in the South East and London are the most likely to report having a BCP, with 62 per cent and 59 per cent respectively, compared to just 32 per cent in the West Midlands.

Extensive differences also exist between different industry sectors. Please see Appendix A for more details.

2.3 Perceived importance of BCM

Despite the slight fall indicated in organisations with BCPs, 71 per cent of respondents claim that BCM is regarded as 'important' or 'very important' by senior management in their organisation – up from 64 per cent in 2009, and comparable to the 2008 figure of 76 per cent. This reversal may reflect increased awareness of the importance of BCM following the high-profile disruptions experienced across in the UK over the last twelve months, such as the extreme winter weather.

Again, substantial differences exist between different sectors. For example, very high numbers of managers in the emergency services regarded BCM as very important – reflecting public sector initiatives such as the BCM audit conducted among the UK's police services in 2009 – whereas other industry sectors lag behind. For example, only 53 per cent of those in the construction industry reported that BCM is regarded as important. Clear challenges remain in encouraging the uptake of BCM in certain sectors.

3. Understanding risks and potential disruption

3.1 Incidents in the last 12 months

Managers were asked whether their organisation had been disrupted by a number of specific incidents in the last 12 months. The snowfall and harsh winter weather in December 2009 and January 2010 caused the most extensive disruption. A majority of organisations (93 per cent) were affected by the snowfall. Although 15 per cent only reported negligible disruption, over a third – 35 per cent – reported significant disruption. While this may partly reflect the fact that the survey fieldwork was conducted at the time the weather was affecting the UK, the second most disruptive incident was also weather-related: the snowfall in February 2009.

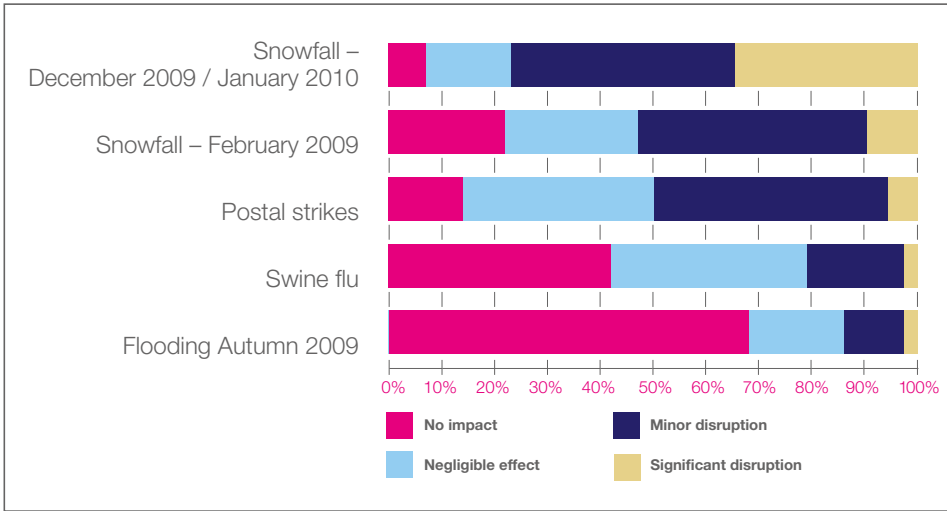


Figure 4 Major incidents over the last twelve months

Figure 4 indicates that concerns about the potential impact of swine flu were not, in the event, borne out over the past year. While 56 per cent of organisations reported that they were affected by swine flu, only 3 per cent described the disruption as ‘significant’. By comparison, over 80 per cent of organisations experienced some disruption as a result of postal strikes with around 10 per cent describing this as significant. While the UK was ultimately faced by a relatively mild strain of flu pandemic, it is also clear that many organisations took action to limit its spread – as explored in Section 4. By contrast, the results imply that organisations were less well-prepared for snow or indeed postal strikes.

The geographically specific nature of flooding in Autumn 2009 accounts for the low overall level of disruption – only 3 per cent of organisations suffered significant disruption. In the North West, where flooding was most widespread, 9 per cent of organisations were significantly disrupted.

3.2 Threats and disruptions

In addition to examining specific incidents, the research examined which generic categories of disruptions have been experienced by managers over the previous 12 months. These trends have been tracked since 2002.

Reinforcing the findings on the impact of snow, this year’s research found that extreme weather was the most commonly experienced disruption. While the last three years’ surveys have shown a growth in weather-related disruption, this is the first time that it has topped the table, surpassing disruption caused by loss of IT, which slips to second place (35 per cent).

Loss of people remains the third most widely experienced disruption (28 per cent), emphasising the need to address people issues in BCM and avoid a purely technological approach. Another notable area of growth is in experience of damage to corporate brand, doubling from 11 to 22 per cent. As outlined in the definition of BCM on page 5, BCM must address reputation and brand risk as well as operational risks.

Threats	Disruptions experienced in the previous years										Threats covered by BCM ¹
	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	2010 %	
Extreme weather e.g. flood/high winds	18	15	10	18	9	28	29	25	58	36	
Loss of IT	19	24	25	41	38	39	43	40	35	41	
Loss of people	-	26	20	28	29	32	35	24	28	34	
Loss of access to site	5	5	6	11	13	13	16	13	22	40	
Transport disruption ²	-	-	-	-	-	-	-	-	22	25	
Damage to corporate image/reputation/brand	15	7	8	11	8	11	10	11	22	18	
Loss of telecommunications	-	-	23	28	24	25	30	23	20	38	
School/childcare closures ²	-	-	-	-	-	-	-	-	18	11	
Loss of electricity/gas ³	-	-	-	-	-	-	-	-	15	33	
Loss of key skills	33	16	14	20	19	20	21	14	15	30	
Employee health & safety incident	13	9	8	19	13	17	17	16	14	28	
Supply chain disruption	19	11	12	10	10	13	12	9	13	21	
Negative publicity/coverage	24	17	16	17	16	19	18	14	9	16	
Loss of water/sewage ³	-	-	-	-	-	-	-	-	6	28	
Customer health/product safety incident	11	6	4	6	6	6	7	4	6	19	
Pressure group protest	10	7	7	6	7	7	6	7	6	11	
Environmental incident	9	5	4	7	5	6	7	7	5	28	
Fire	6	5	5	5	5	6	5	5	4	38	
Industrial action	-	-	-	5	6	7	7	7	4	14	
Terrorist damage	2	1	1	2	3	3	3	2	1	27	

Base: 903 respondents (2010)

Table 1 Disruptions experienced in the previous year, 2002-2010; perception of threats, 2010; and threats addressed by BCPs, 2010.

¹ This column indicates those organisations whose BCM covers each particular threat, expressed as a percentage of all respondents.

² New questions for 2010

³ Previous studies used a generic question on 'utility outage'. The 2010 survey included a greater focus on specific utility disruption – see Section 3.5.

3.3 Perceptions of threats

A similar question examined managers' perception of particular threats, asking what disruptions would have a significant impact on costs and revenues. As shown in Table 2, loss of IT and loss of telecommunications remain the most common concerns, reflecting the increasing reliance of organisations on their ICT infrastructure. In addition, loss of access to site remains a core concern for BCM.

Loss of key skills (55 per cent) and loss of key people (52 per cent) are also key threats which have the potential to create significant disruption. Such critical concerns should be addressed in any approach to BCM.

Despite the reality of its substantial impact on organisations across the UK, managers ranked extreme weather relatively low as a threat – with only 48 per cent suggesting it would have a significant disruption on their organisation's costs and revenues.

	1999	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%	%	%
Loss of IT	78	82	46	58	60	70	67	73	73	71	69
Loss of telecommunications	-	-	-	-	62	64	56	63	68	59	62
Loss of access to site	33	55	32	54	51	53	54	60	63	55	56
Loss of skills	37	59	43	51	48	56	49	59	62	52	55
Fire	45	62	32	51	53	56	44	53	58	48	55
Loss of electricity/gas	-	-	-	-	-	-	-	-	-	-	54
Loss of people	-	-	-	54	48	55	56	57	59	54	52
Damage to corporate image/ brand/reputation	41	50	40	46	48	48	39	49	55	52	51
Extreme weather e.g. flood/high winds	18	29	9	24	25	29	26	43	46	44	48
Terrorist damage	22	30	23	47	48	53	44	46	53	42	46
Negative publicity/coverage	34	43	37	45	46	44	34	43	51	41	41
Loss of water/sewage	-	-	-	-	-	-	-	-	-	-	41
Employee health and safety incident	22	30	22	35	34	35	30	38	44	40	38
Transport disruption	-	-	-	-	-	-	-	-	-	-	37
Supply chain disruption	-	-	25	34	32	35	28	34	37	31	36
Environmental incident	20	19	19	26	23	35	27	30	36	31	29
Customer health/ product safety incident	19	21	22	25	26	27	26	31	35	28	29
Industrial action	-	-	-	-	-	27	22	29	26	24	29
Pressure group protest	7	14	9	14	27	20	16	18	27	21	19
School/childcare closures	-	-	-	-	-	-	-	-	-	-	17

Base: 903 respondents (2010)

Table 2 Perceptions of major threats to costs and revenues

3.4 Risk appetite in the recession

Managers were asked how the recession affected their organisation's overall attitude to risk. While one third reported that they had become more risk adverse, over half of respondents (54 per cent) reported that their risk appetite had not changed. One in ten reported that their risk appetite has increased.

3.5 Perception of utility disruption risk

The 2010 BCM study asked for the first time about organisations' ability to continue operating in the event of a loss of specific utility services. The results reveal that failure in electrical and telecommunication services are most likely to cause significant disruption to organisations.

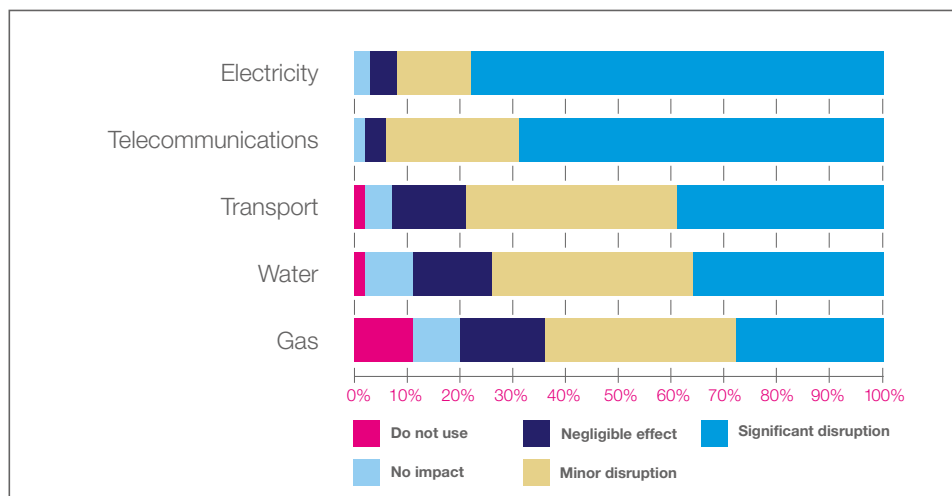


Figure 5 Likely impact of disruption from loss of utility services

4. Pandemic preparedness – lessons from swine flu

4.1 Swine flu absence levels

In light of the major media and political focus on swine flu throughout 2009, the 2010 BCM survey examined how it had affected organisations and what action they had taken to reduce its impact.

As discussed in Section 3.1 above, only a minority of employers were substantially affected by swine flu. This is reflected in low reported numbers of employees taking time off as a result of the pandemic: only 6 per cent of managers reported that more than 10 per cent of their employees have taken time off ill as a result. Twenty-seven per cent reported that none of their employees had taken time off.

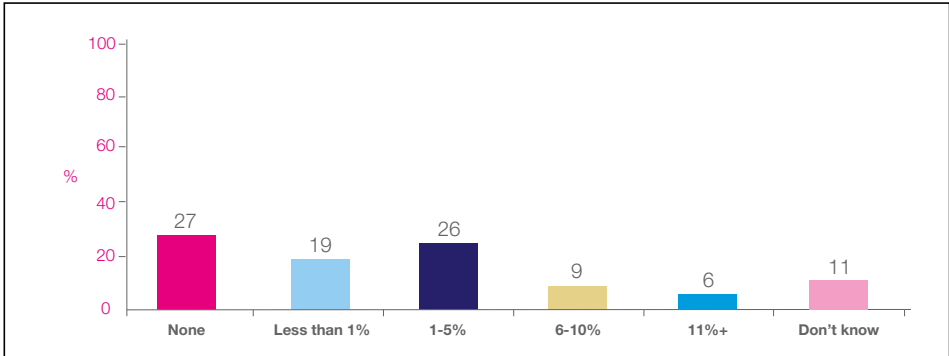


Figure 6 Number of employee absences from swine flu

4.2 Planning for pandemic influenza

Managers were asked to give an assessment of the robustness of their organisations' plans for dealing with swine flu. Thirty-one per cent considered their plans to be robust or very robust, a marked increase from 19 per cent in 2009. The results also suggest a substantial drop in the number of organisations without plans for influenza, from 38 per cent to 21 per cent. While small organisations continue to be less well-prepared, the results suggest widespread action by employers to prepare for the possible effects of the swine flu outbreak.

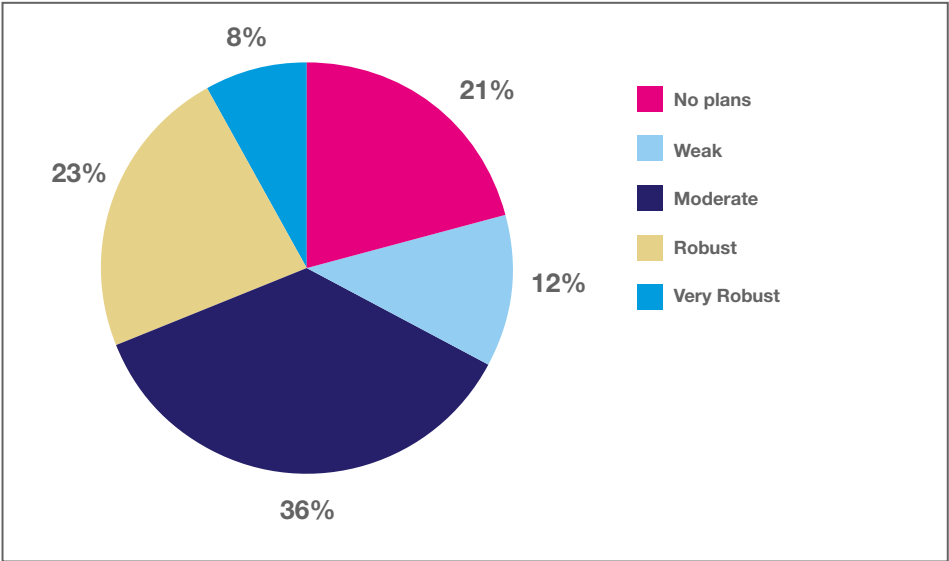


Figure 7 Robustness of influenza pandemic planning

When asked what level of absence their plans had been designed to address at the peak of a pandemic, the results varied widely. Nearly a third (31 per cent) responded that they had no plans in place for loss of employees. Of those with plans in place, 43 per cent planned for absence levels of up to 40 per cent, while 40 per cent planned for absence levels between 21 and 45 per cent. Seventeen per cent planned for a peak level of absence of more than 45 per cent.

4.3 Practical steps to combat swine flu

When asked what measures organisations had put in place to combat the spread of swine flu, only 15 per cent of respondents had failed to introduce any measures. The top three steps introduced were providing government guidelines to employees (61 per cent), providing extra hand washing facilities (60 per cent) and putting up warning or information signs (54 per cent).

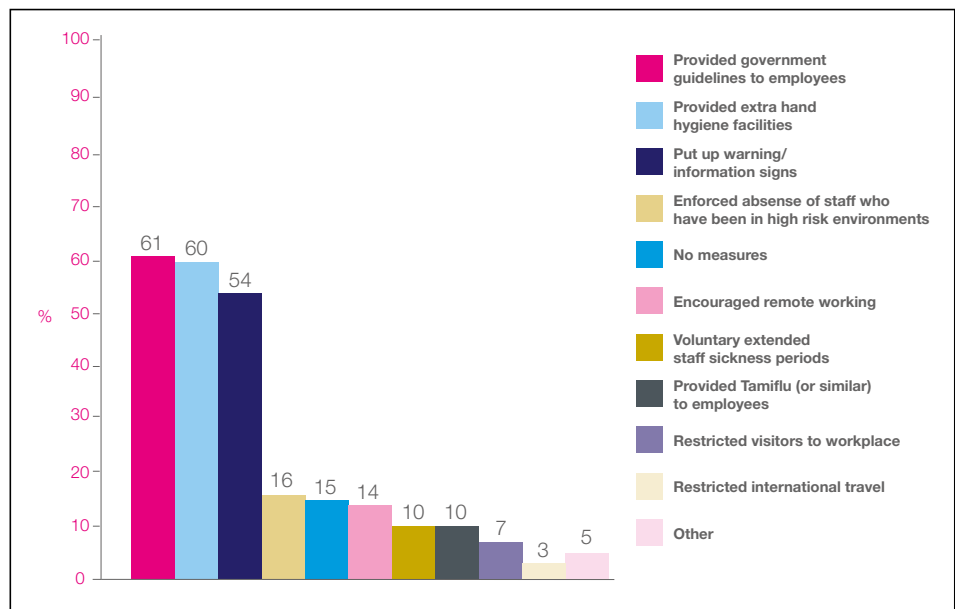


Figure 8 Workplace measures for minimising the spread of swine flu

4.4 Perception of pandemic risk

Managers were asked whether the swine flu pandemic had changed their organisations' attitude towards the threat of an influenza pandemic: a question relevant on the basis that a more severe influenza pandemic remains a possible threat to the UK. Over half – some 57 per cent – said it had not changed their attitude, while 40 per cent said they now see it as an increased risk and 4 per cent said it they consider it a decreased risk.

5. Effectiveness of Business Continuity Management

5.1 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 2010 survey continues to reflect this trend. Seventy-nine per cent of managers who had activated their BCP in the past twelve months agreed that it had effectively reduced the impact of disruption.

5.2 BCM rehearsals

Rehearsals are a fundamental aspect of good BCM practice, enabling plans to be revised, refined and updated before weaknesses are exposed by a real disruption. Just under half (48 per cent) of managers whose organisations have BCPs reported that they undertake an exercise of their plans once or more per year. The number rehearsing bi-annually has risen from 10 to 17 per cent. Around a third of managers – 35 per cent – reported that they do not rehearse their BCPs at all, up from 28 per cent.

Seventy per cent of those who had rehearsed their BCP said the rehearsal exposed shortcomings in their plan, emphasising the value of such rehearsals. The majority reported that these issues had been addressed, although 9 per cent said they had not been tackled.

Often these shortcomings can be easily addressed. For example, a health and social care manager sharing their experience of BCP rehearsals commented: *"In our BCP rehearsal for electricity loss the back up generator did not operate. As a result we were able to replace the unit and prevent future disruption"*.

Despite the value of rehearsals, there was some evidence that senior managers may consider rehearsals as disruptive in themselves, as one senior manager in the defence industry noted: *"There is great reluctance by senior management to take the risk of disrupting current activity by applying a full test exercise of back up and fallback procedures"*.

Among those performing rehearsals there were considerable differences in the format used. Some 73 per cent of organisations performed table top exercises, while 44 per cent relied on IT back up exercises. Twenty-two per cent undertook full emergency scenarios.

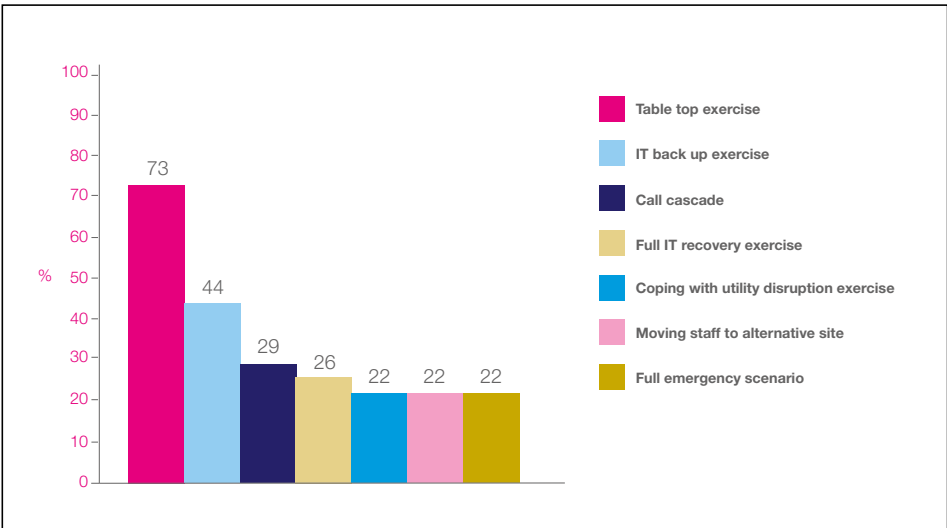


Figure 9 Format of rehearsals

Those in the public sector are the most likely to perform table top exercises (84 per cent) and full emergency scenarios (27 per cent). This is unsurprising as table top exercises are well established in public sector emergency planning and are now being promoted by Local Resilience Forums as part of good BCM. Public limited companies (44 per cent) and charity/not for profit organisations (41 per cent) are more likely to perform IT back up exercises than the public sector (37 per cent).

5.3 Evaluating and auditing BCM

The survey again asked whether organisations evaluate their BCM capability against a range of options. For the third consecutive year, legislation, including statutory requirements, was the most common response, cited by 32 per cent. Over a third of respondents do not evaluate their BCM capability at all. Fourteen per cent report using BS 25999 although 41 per cent of managers are aware of the standard – a figure that has remained relatively steady in recent years.

Legislation was most commonly cited by public sector managers, who referred to their obligations under the Civil Contingencies Act; but it was also used by private companies, who referred to their duty to meet a range of requirements, including health and safety law and similar obligations which affect their business during normal operations. Of these, around a half were from the public sector (49 per cent), 29 per cent came from private limited companies, 10 per cent from public limited companies, 6 per cent from partnerships and 6 per cent from charities or not for profit organisations.

Asked how BCM is audited, over half (56 per cent) reported that they self-assess, with around a third (34 per cent) using a full scale internal audit. Twenty-seven per cent of organisations use an external auditor, with the majority of these coming from large organisations.

5.4 Who takes responsibility for BCM?

In organisations with a BCP, responsibility for leading BCM sits with senior management in 30 per cent of organisations, with the board in 22 per cent, the managing director in 15 per cent of cases, while 10 per cent have a dedicated BCM manager. The vast majority of those with a dedicated BCM manager come from the public sector.

5.5 The role of senior management

As the BS 25999 guidelines set out BCM should be the responsibility of the board and senior management. When asked how important BCM is considered by senior management 71 per cent of managers said very important or important. There are notable differences between sectors with those in the public sector more likely to agree that senior management considers BCM as either important or very important (84 per cent) than those from private limited companies (64 per cent).

5.6 BCM budgets

The survey asked all managers with a BCP whether they have a dedicated budget for BCM. Only around a quarter said they had a dedicated budget (27 per cent) while around half (48 per cent) reported that they do not. A quarter did not know.

These results varied depending on sector. Over a third of organisations in the public sector had a dedicated BCP budget (35 per cent), while around a quarter of public limited and private companies (27 per cent and 22 per cent respectively) had a budget, and only 13 per cent of charities and not for profit organisations had a dedicated budget.

Those with a budget were asked whether their budget had been affected by the recession – 47 per cent reported that they had stayed the same. While 8 per cent said budgets had been cut, 3 per cent reported it had increased – although 41 per cent did not know. This suggests that the recession has not put off those willing to invest in BCM.

5.7 Internal stakeholders in BCM

There appears to be a substantial degree of cross-functional working behind the development of BCPs. IT and Human Resources teams are most commonly involved, with 2010 seeing a notable growth in the involvement of HR. This growth in HR involvement is likely to be driven by continuity planning for the swine flu pandemic. The implied recognition that people matter in BCM is an encouraging development.

	2007 %	2008 %	2009 %	2010 %
IT	65	58	73	72
Human resources	56	50	63	72
Facilities management	57	53	64	66
Risk management	53	54	63	57
Finance	52	47	56	56
Business continuity	-	-	-	51
Security	45	37	47	48
Emergency management	-	-	-	44
Purchasing / procurement	29	29	33	37
Public relations	32	29	32	33
Production / manufacturing	-	-	-	29
Knowledge management	-	-	-	25
Marketing	19	16	20	23
Sales	17	13	16	22
Outsourcing	16	13	14	18
Other	10	9	-	-
None of the above	3	5	4	3

Base: 441 (2010)

Table 3 Organisations' functions involved in BCM

The need to involve specific groups will vary according to the nature of the organisation, its size and its business. Involvement of the HR function, for instance, remains important to help ensure that the BCP addresses employees' needs.

6. Drivers of Business Continuity Management

6.1 What is driving the adoption of BCM?

Corporate governance remains the biggest driver for organisations implementing or changing their BCM, yet it has dropped from the 2009 level (47 per cent in 2009 to 38 per cent in 2010), suggesting that integrating BCM into the risk management functions of corporate governance remains a key challenge for many organisations and policy makers alike.

Commercial drivers of BCM remain prominent with demands from existing customers (31 per cent) and potential customers (21 per cent) acting as drivers. Central government (21 per cent) is another key driver and there continues to be evidence that business continuity planning is being driven through the supply chain through public sector procurement contracts (16 per cent).

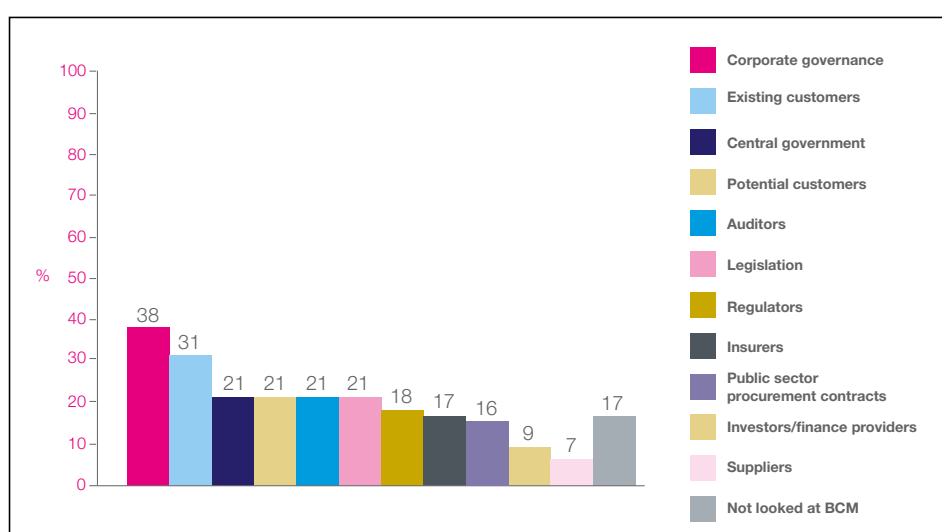


Figure 10 External drivers of BCM

There are differences between the sectors. For example, managers in public limited companies or charities are most likely to see BCM as driven by corporate governance (both 55 per cent) while for those in the public sector it is more commonly driven by central government (56 per cent).

Similarly there are differences between different sizes of organisations. Small and medium sized organisations are more likely to have their BCM driven externally through existing or potential customers while large organisations are more likely to have it driven internally through their corporate governance.

6.2 Driving BCM through the supply chain

Twenty-nine per cent of organisations with BCPs require their business critical suppliers and outsource partners to have BCPs and 9 per cent require all suppliers to have BCPs. Overall Figure 11 shows the use of BCM down the supply chain remains limited.

The recommendations of this report include a few essential questions which should be asked of suppliers or outsource partners about their BCM – see page 22.

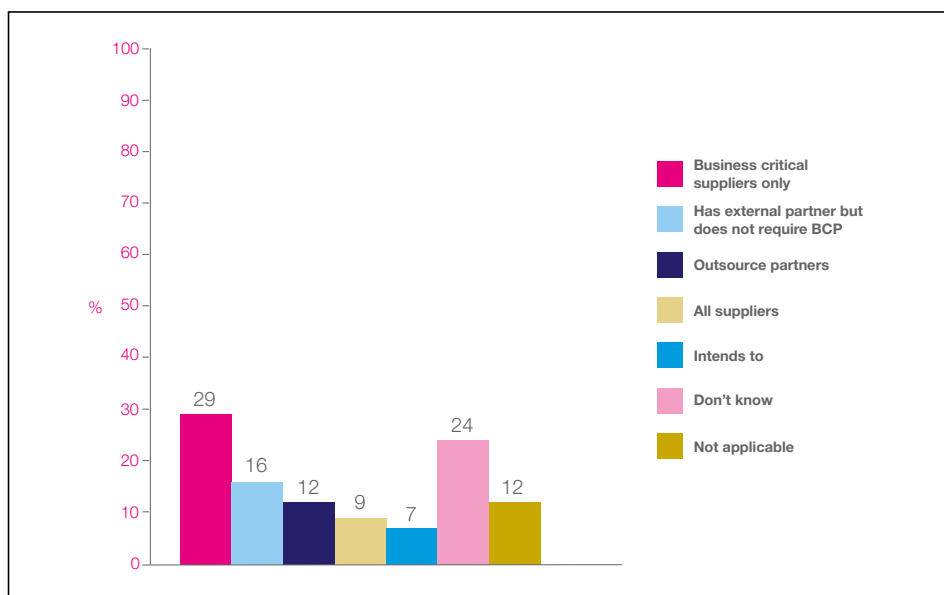


Figure 11 Use of BCM among suppliers and outsource partners, 2010

6.3 Verifying suppliers' BCM

Those respondents who require suppliers and outsource partners to have BCPs were asked how they verified their BCPs. Twenty-three per cent report that they required a statement from a supplier, while 15 per cent examined the BCP. Four per cent assessed the plans against BS 25999. However, 24 per cent admitted they do not verify the plans, and 10 per cent did not know. Only 33 per cent of organisations have requested information on BCM for their suppliers or outsource partners in the last 12 months.

7. Building resilience

7.1 Building resilience and supporting employees

The 2010 figures suggest a growing emphasis in BCM on supporting employees and their families' resilience. Managers who agree or strongly agree that their BCP helped to cope with the immediate effects of an incident on employees increased from 73 to 76 per cent. Those who felt their BCP supported employees after recovery increased from 45 to 51 per cent and those who agree it catered for personal and family resilience increased from 31 to 42 per cent.

	Disagree/ strongly disagree %	Neither agree nor disagree %	Agree/ strongly agree %
It helped to cope with the immediate effects of an incident on employees	5	18	76
It supported employees after recovery	9	40	51
It catered for the personal / family resilience of employees (i.e. knowing that partners and/or children are safe)	12	45	42

Base: 441

Table 4 Effectiveness of BCPs in addressing employee aspects of disruptions

As major disruptions this year have demonstrated, supporting the resilience of employees and their families in dealing with incidents is growing in importance. Recognising this, the British Standards Institute is to release a guidance document on the human aspects of BCM later in 2010.

7.2 Remote working

Remote working has become central to many organisations' BCM, enabling employees to function even when unable to gain access to their workplace. Fifty-four per cent of organisations can support their employees in working remotely to a great extent and 27 per cent to a small extent. Only 2 per cent of organisations said their IT systems cannot support remote working, down from 5 per cent in the previous three years.

	2007 %	2008 %	2009 %	2010 %
To a great extent	53	51	53	54
To a small extent	28	28	24	27
Not possible due to nature of the organisation's work	12	15	17	16
Our IT systems do not support remote working	5	5	5	2
No reply	-	-	1	1

Base: 903 respondents (2010)

Table 5 Preparedness for remote working in the event of a major disruption

A number of managers noted that remote working was a particularly effective measure in response to some of the disruptions experienced in the last twelve months. A few, however noted its limitations, with one SME manager in London saying that *“all staff are now able to work remotely to mitigate travel issues – however, face to face discussion is still essential.”* Technical measures can only be part of good BCM: good management and clear communication are still needed to maximise its effectiveness.

7.3 Alternative work spaces

Nearly two thirds (62 per cent) of organisations had access to an alternative office space in the event of a major disruption. This was slightly down on last year’s total of 71 per cent. Large organisations were by far the most likely to have an alternative work space with 72 per cent having an arrangement, compared to 60 per cent of medium organisations and 55 per cent of small organisations.

7.4 Supporting community resilience

Respondents were asked whether their organisation would offer help to the local community in the event of an emergency. Half said they would temporarily release their employees to assist the local community, while around a third would provide a loan or supply of resources (32 per cent) or would provide temporary shelter for the public (30 per cent). Eighteen per cent would be prepared to provide food and essential supplies.

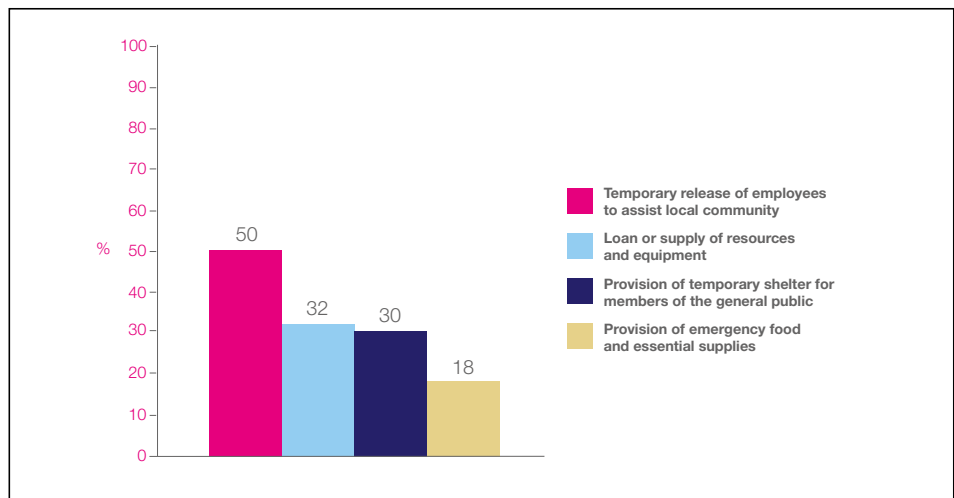


Figure 12 Types of community resilience offered by organisations

Rates of community assistance are higher in organisations with either local or international operations than those working on a national scale. For example, 54 per cent of local organisations and 52 per cent of international organisations would be prepared to give their employees time off to assist the community compared to 41 per cent of organisations who are national.

7.5 Providing guidance for managers

A wide variety of sources are used by managers to obtain information on BCM. Professional bodies are the top sources of information (33 per cent) while over a quarter of organisations gain information from internal sources (28 per cent) and central government (26 per cent). Figure 13 displays these results in more detail.

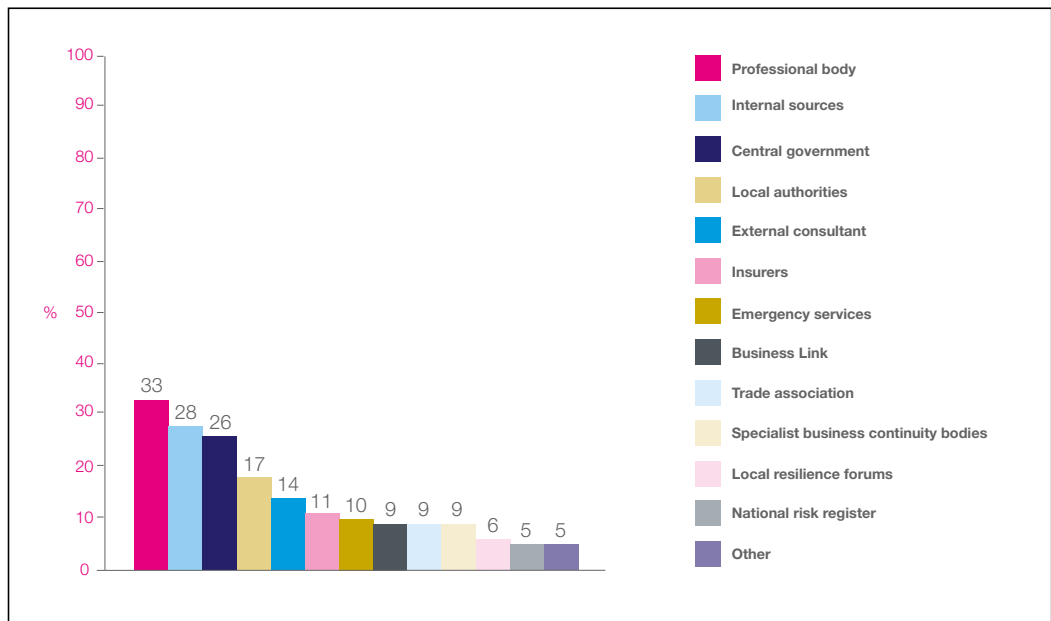


Figure 13 Sources of BCM information

Different sized organisations were likely to use different sources for BCM information. Large organisation were more likely to use central government, local authorities, Local Resilience Forums and the National Risk Register, whereas small organisations were more likely to turn to professional bodies or Business Link.

Overall 28 per cent of respondents were aware of the guidance on BCM provided by their local authority or Local Resilience Forum – though only 6 per cent use it as their primary source of BCM information.

8. Recommendations

- CMI and the Cabinet Office strongly recommend that organisations develop a robust and proportionate approach to BCM in order to develop resilience in parts of their business that are central to the continuity of operations.
- Senior management must take ultimate responsibility for BCM, ensuring that plans are properly developed, maintained and well-communicated. External communication may include a statement in the directors' annual business review, demonstrating diligence and preparedness and helping provide assurance to shareholders, employees, customers and other stakeholders.
- BCM should be a cross-functional activity that involves a number of different internal stakeholders, not only an IT department. The importance of people and skills to BCM means that the HR function is likely to be a particularly important stakeholder in the process in many organisations.
- While swine flu was not as disruptive as first feared, organisations should not reduce their preparedness for flu. A more serious outbreak remains possible and many of the steps taken to improve resilience against swine flu – such as remote working facilities – increase resilience against other potential disruptions.
- Managers need to recognise the growing threat of disruptive weather and plan accordingly. This not only includes extreme winter weather, but also the possibility of disruptive weather at other times of year – such as extreme summer temperatures or flooding.
- Supporting remote working through the development of IT infrastructure is a particularly effective BCM measure. Infrastructure should be thoroughly tested to ensure resilience in the event of disruption. The effectiveness of such systems also depends on good management, in managing remote teams and providing clear and effective communication in the event of disruption.
- This research has again shown the importance of rehearsing BCPs to expose flaws and enhance their effectiveness. It is recommended that rehearsals should be performed at least annually and, where appropriate, go beyond IT-oriented exercises to encompass all the processes and people involved in BCPs.
- An organisation is only as resilient as the external stakeholders it relies on. Driving BCM through the supply chain is important for any organisation wishing to improve its resilience. Questions which may be asked of suppliers include:
 1. Who is the senior manager responsible for your organisation's BCM?
 2. Do you have BCPs that cover all the products and services we source from you?
 3. When was your BCP last exercised and what were the results?
 4. What actions have been taken to incorporate lessons from BCP exercises?
 5. When were your BCM processes last audited?
- Managers need to recognise that effective BCM does not stop at the organisation's doorstep. Improving community resilience through engagement with local authorities in emergency planning will increase both employee and organisational resilience.
- A holistic approach to BCM should be used to help ensure resilience in the face of a range of risks. Managers can make use of the advice provided by the Cabinet Office in the National Risk Register that sets out the type of major emergencies the Government anticipates may arise, and the nature and scale of the consequences were they to do so.

9. Help and advice

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.

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. It can be found at: http://www.cabinetoffice.gov.uk/reports/national_risk_register.aspx.

Government provides a range of advice for frontline responders on emergency preparedness, response and recovery. The resources and information provided are designed to ensure that disruption from emergencies is minimised and any recovery is effective. Links to a collection of resources can be found at: <http://www.direct.gov.uk/en/Governmentcitizensandrights/Dealingwithemergencies/Preparingforemergencies/index.htm>.

Business Continuity Management Toolkit

The Civil Contingencies Secretariat has developed, in partnership with stakeholders, a Business Continuity Management Toolkit to assist organisations 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.direct.gov.uk/en/Governmentcitizensandrights/Dealingwithemergencies/Preparingforemergencies/DG_175927.

Influenza pandemic

For the most up-to-date guidance on planning for a flu pandemic, please check: http://www.direct.gov.uk/en/Governmentcitizensandrights/Dealingwithemergencies/DG_176604.

**Civil Contingencies
Act 2004**

The Civil Contingencies Act 2004 required frontline responders¹ 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' sets out how these requirements should be carried out. It can be found at <http://www.cabinetoffice.gov.uk/ukresilience/preparedness/ccact.aspx>.

**ManagementDirect
& Library Services**

Members of CMI have access to the ManagementDirect portal – a unique information service that provides access to a range of management resources as well as informed researchers ready to answer your questions on key management issues. As a member you are also entitled to use one of the largest management libraries in the UK. Members can access these resources via the link: <http://www.managers.org.uk/practical-support>.

CMI has also produced a Checklist for BCM as part of its range of Management Checklists on key management issues. These popular resources provide clear definitions and a straightforward guide to practical activities, making the BCM Checklist a valuable starting point for any managers wanting to find out more about BCM. Normally only available to CMI Members, the BCM Checklist can be freely downloaded at www.managers.org.uk/bcm2010.

¹A list of Category 1 and Category 2 responders as defined by the Civil Contingencies Act 2004 can be found at <http://www.cabinetoffice.gov.uk/media/132428/15mayshortguide.pdf>

Appendix A – sector statistics

The table below outlines key findings for a range of specific sectors. It includes 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 indicates where there are low levels of external drivers); those that have access to an alternative workplace; those who can support remote working to a great extent; and those who report that their organisation has 'robust' or 'very robust' plans to cope with flu.

Sector	Have BCP %	Principal drivers	No external requests for BCM info %	Access to alternative workplace %	Support remote working to a great extent %	Robust or very robust flu plans %
Central Government	86	Central government; corporate governance; auditors	20	95	64	78
Local Government	80	Central government; corporate governance; legislation	19	83	47	47
Finance, insurance	74	Corporate governance; regulators	34	82	72	26
Health and social care	64	Corporate governance; central government; public sector procurement	26	57	29	55
Utilities	56	Corporate governance; regulators; legislation; auditors: central government; customers	20	77	82	59
Transport and logistics	52	Existing & potential customers; corporate governance; customers; regulators and insurers	39	78	59	30
Manufacturing and production	48	Corporate governance; regulators; customers	44	47	45	17
Education	40	Corporate governance; central government; customers	57	47	52	31
Business Services	38	Corporate governance; existing & potential customers; public sector procurement	77	68	68	22
Construction	25	Existing & potential customers; corporate governance	57	62	56	11

Table 6 Key statistics for different sectors

Appendix B – respondent profile 2010

Respondent profile ¹	%	Respondent profile	%
Managerial Level		Number of employees	
Director	33	None	4
Senior manager	28	1-50	32
Middle manager	28	51-250	19
Junior manager	10	251-1,000	16
		1,000 or over	29
Organisation Status		Sector	
Charity/not for profit	12	Agriculture, forestry & fishing	1
Partnership	5	Business services	3
Private limited company	40	Central Government	3
Public limited company	11	Construction	6
Public sector	26	Consultancy	9
Owner managed/sole trader	7	Creative/media	1
		Defence	6
Region		Education	12
East of England	7	Electricity, gas and water	3
London	13	Engineering	6
East Midlands	6	Finance & insurance	4
West Midlands	9	Fire and rescue	4
South East	18	Health & social care	1
South West	12	Hospitality, catering, leisure & tourism	3
North East	3	Housing and real estate	3
North West	9	IT	2
Yorkshire and the Humber	6	Justice/security	1
Northern Ireland	2	Legal & accounting services	2
Scotland	8	Local Government	5
Wales	4	Manufacturing & production	9
Other	4	Mining & extraction (inc. oil & gas)	1
		Police	1
Annual Turnover		Sales/marketing/advertising	1
Up to £1 million	25	Telecommunications & post	1
£1m - £10m	23	Transport & logistics	3
£11m - £100m	22	Wholesale & retail	2
£101m - £500m	13		
Over £500m	17		

Base: 903

Table 7 Respondent profile

¹ May not add up to a 100 due to rounding

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Email: **research@managers.org.uk**
Website: **www.managers.org.uk**
or write to us at the address below.



Chartered Management Institute

2 Savoy Court, Strand,
London, WC2R 0EZ

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The Civil Contingencies Secretariat

The Civil Contingencies Secretariat (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 us, via our website at <http://www.cabinetoffice.gov.uk/ukresilience.aspx>



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