

“Aware” vs. “committed”
where do you stand?
Business continuity
management



Business continuity management

Initial findings from the Deloitte¹ Global Business Continuity Management (BCM) benchmark

A newly hired middle manager finally had the opportunity to meet the CEO of his company. He introduced himself by his title – which happened to be business continuity manager. “No, young man,” replied the CEO, “I am the business continuity manager around here.”

Although apocryphal, this anecdote illustrates a key fact: senior managers, if they are wise, anticipate that there will inevitably be incidents that will interrupt their businesses – and that they, as organizational leaders, must take responsibility for keeping the business going despite such incidents.

In fact, business disruptions can no longer be considered exceptions. They are now commonplace, largely due to the increasingly global nature of business. Companies that once acted only in local marketplaces have become regional, national, and often international players. The storms, the terrorist attacks, the accidents, and the political or economic turmoil that would have been considered wildly unpredictable a generation ago happens somewhere in the world every day. Interdependencies have increased. Even if a company’s operations are not directly impacted, these disruptions affect their suppliers and their customers. Senior managers need to be alert to the possibility – no, the probability – that some untoward event will prevent business from continuing as usual for their companies. They must be prepared to take appropriate action.

The Deloitte Global Business Continuity Management (BCM) Benchmark provides interesting insight into the relationship between senior management behavior and the ability of businesses to recover from disruptions. This report is the first in a planned series of research reports based on the Deloitte BCM Benchmark². This online ‘dynamic survey’, with participants in virtually every region of the world and across multiple industries, allows us to report on the key themes that emerge in the data over time, and to discuss relevant trends and insights.

¹ In this instance Deloitte refers to Deloitte Touche Tomatsu member firms

² Data for this report was pulled from the benchmark database in May 2008.

In this first summary of the benchmark results, we see that commitment to business continuity is still evolving, although there is broad awareness of the need for effective BCM strategies. Fifty-five percent of respondents (who were mostly business continuity managers) reported a relatively low level of senior management involvement in their organizations’ BCM efforts. These individuals said that although their top executives were aware of the need to plan for business disruptions, they did not support that awareness with adequate resources. In contrast, a smaller group (45 percent of respondents), indicated that their senior managers were either routinely informed or actively involved in planning for recovery from information technology or business process interruptions, and were committed to effective BCM in their organizations. These two groups could be termed, respectively, the “Aware” and the “Committed.” The Aware group of managers knows that there is a problem; the Committed group is taking action to resolve it.

Tolerance for downtime

There is a clear correlation between the level of senior management involvement in BCM and an organization’s tolerance – or lack of tolerance – for downtime. Of those respondents who said their organizations need to recover critical processes in two hours or less, 61 percent also reported that senior management was Committed – that is, either actively involved in setting and driving disaster recovery and business continuity priorities, or being briefed on BCM activities on at least a quarterly basis. In contrast, of those who stated that senior management was merely Aware, only 39 percent said they need to recover key processes in less than two hours.

Figure 1. Percentage of companies with a tolerance for downtime of no more than two hours

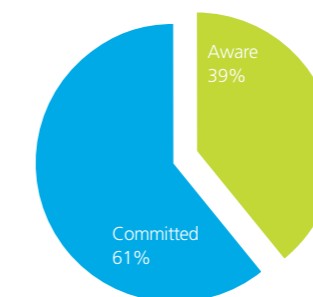
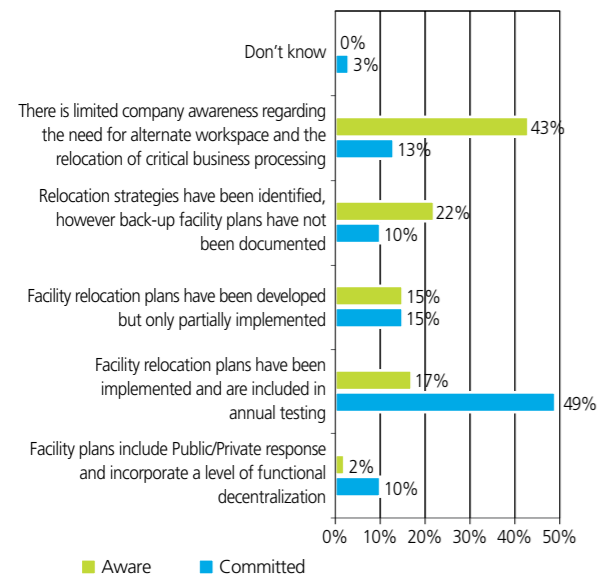


Figure 2. Facility recovery plans



Recoverability of key facilities

According to the Deloitte Benchmark, the biggest difference between organizations with Committed versus Aware senior managers involves the investment and state of their respective backup facilities. The group with Aware senior management indicated, at best, that their companies had developed some relocation strategies but that the plans for their backup facilities had not been documented. Nearly a third of these respondents said that there was limited awareness of the potential need to secure an alternate workspace.

However, the majority of the companies with Committed management indicated that they had facility relocation plans in place and that they tested them at least annually. Some have gone further, implementing programs for coordinating public and private responses to incidents that use functional decentralization as a means of limiting the impact of damage to particular facilities. By contrast, less than 20 percent of the companies with Aware management had developed such advanced relocation plans.

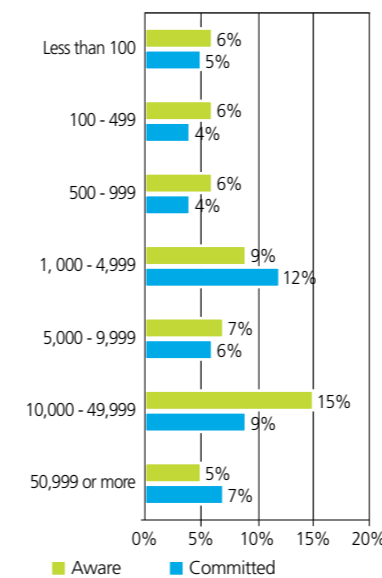
Testing recovery plans

A key indicator of how well a company has prepared for IT and business process disruptions is the degree to which it has tested its recovery plans. The disparity between Aware and Committed senior executives is quite pronounced on this point. More than a third of those who responded that they performed no testing at all in the past year. In contrast, just a handful (5%) of those with Committed management said the same thing. Alternatively, nearly 60 percent of those with Committed senior management stated that they regularly perform a range of tests, and that they fix any problems identified by the tests. The majority of those integrate their recovery and crisis management tests including tests of business and IT recovery as well as interaction with critical vendors.

Does size count?

It may be thought that BCM is a luxury that only mega-corporations or companies in highly regulated industries can afford. The Deloitte BCM Benchmark results do not support that supposition. True, senior management was rated Committed by 60 percent of respondents from the largest organizations surveyed (those with 50,000 or more employees). Still, that leaves 40 percent of such companies having senior managers who were merely Aware.

Figure 4. Awareness is NOT a function of organizational size



In somewhat smaller (but still large) companies with 10,000 to 50,000 employees, Aware management outnumbered Committed management by a substantial margin: 62 percent to 38 percent. The variability in the correlation of management involvement with company size continued throughout the response population. It seems likely that whether senior management is actively involved in BCM or not is due to factors other than the size of the organization they run.

Making the right choices for resilience

Perhaps the most concrete evidence of how organizations' senior managers think about BCM is the way in which they spend their organizations' money. The Deloitte BCM Benchmark asked respondents which BCM products and services they had purchased for their organizations. These could include commercial recovery sites, systems for backing up data, software to assist in writing and maintaining plans, and disaster supplies for recovery teams. Interestingly, although Aware and Committed senior managers chose or didn't choose specific product and service categories in roughly the same ratio, the Committed out-purchased the Aware in every category. This is even more notable because Aware senior managers outnumber Committed managers, 55 percent to 45 percent in the Benchmark as a whole. It would seem that Committed senior executives and managers are making more, and broader, investments in recoverability than their Aware counterparts.

Figure 3. Business continuity and disaster recovery testing

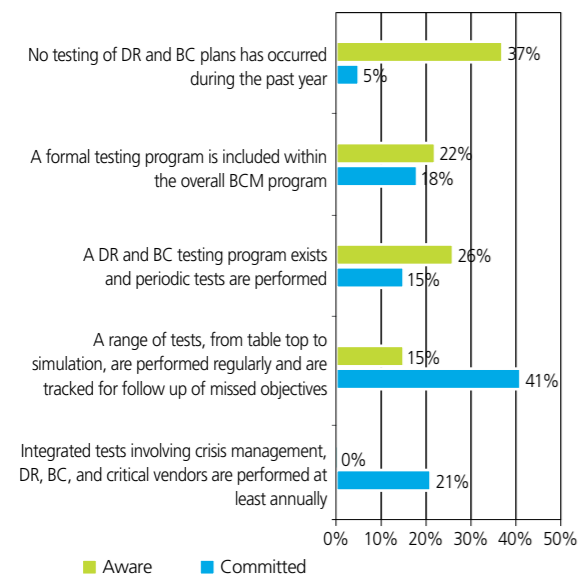
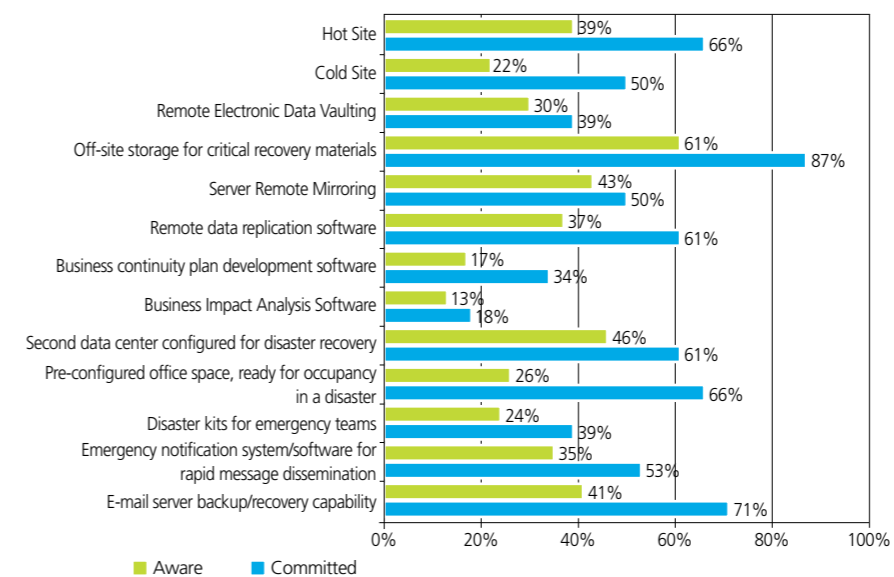


Figure 5. Program enablers in place



The Deloitte business continuity management benchmark

If your board of directors, senior management team, or even someone from outside your organization were to ask you to demonstrate your organization's ability to recover from a disastrous event, how would you respond? Do you have any credible evidence of the effectiveness of your business continuity plan and recovery capabilities?

Very few organizations do. Although many companies are putting business continuity planning programs in place, few have attempted to measure whether they actually work. One way to do this, and to prepare for ever-more intense scrutiny from regulators, investors, auditors, and customers, is to compare key metrics of your program to those of other companies, especially your peers.

Get committed: be in the know

An open invitation to participate in the global benchmark program

As a leading provider of BCM services to businesses and government agencies around the world, Deloitte invites BCM professionals to participate in its innovative new BCM Benchmark program. By completing an online survey, participants get access to benchmark data that compares business continuity program maturity levels by industry and geographic location.

Participation is easy; the results are impressive. The only requirement is to respond to a list of online survey questions with your company's BCM program data. It takes only minutes to complete, and the benefits are substantial - your report is available within days, and you can share the information with your executive management team.

To be part of Deloitte's free Business BCM Benchmark, visit our website at <http://www.deloitte.com/be/bcmsurvey>. As a service to the BCM community, Deloitte offers BCM benchmark participation at no cost.

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