

# Food for Thought

## AS/NZS 5050: Disruption Related Risk

### Business Continuity Management – A risk based approach for Australia and New Zealand

Over the past decade, the convergence of an uncertain global economic climate, increased visibility of threats and disasters, and spiralling cost of disruptions have forced organisations to re-evaluate the types of risk which may threaten the very continuity of their business.

Organisations are realising that strengthening their ability to continue business in the face of disruption is crucial to survival. Understanding the risk environment is the basis of sound business continuity decisions. But oftentimes the link between business continuity and risk management is not well understood.

Recognising this, an Australia/New Zealand standard has entered the fold of Business Continuity and Risk Management in the form of AS/NZS 5050:2010 which is positioned to dovetail into AS/NZS ISO 31000:2009 ("Risk Management - Principles and guidelines") to apply these principles to Disruption Related Risk.

This standard joins worldwide Business Continuity Management standards such as; BS: 25999-1 2006 British Continuity Management Part 1 – Code of Practice (UK), BS: 25999-2 2007 British Continuity Management Specification (UK) and National Fire Protection Association (NFPA) 1600 Standard (USA) and puts Australia and New Zealand firmly on the map when it comes to input into an international standard for Business Continuity Management.

This standard places business continuity management firmly into the risk management business process, allowing organisations to leverage and augment existing

#### BCM Associated Publications in Australia & New Zealand

HB221:2004	Business Continuity Management
APRA APS232:2005	Business Continuity Management
HB292:2006	A Practitioners Guide to Business Continuity Management
HB293:2006	Executive Guide to Business Continuity
HB167:2005	Security Risk Management
ANAO BPG:2009	Business Continuity Management Better Practice Guide
AS/NZS 5050:2010	Managing Disruption Related Risk

organisational risk management practices, whilst recognising that some events may exceed an organisation's capacity to respond to disruption using routine management methods and structures.

Whilst this is an approach to take, business continuity practitioners may find that this model over emphasises risk identification, analysis and evaluation, whilst paying lip service to the traditional business continuity methodologies.

The methodology breaks down the process into defining the principles, preparing and managing the framework and process for defining and controlling disruption-related risk.

By investing in the design of the **framework** an organisation has the groundwork for the governance, accountability and integration of the process into the business activities. In line with good practice the standard also identifies the importance of including communication and consultation, and the process of continual improvement into the framework.

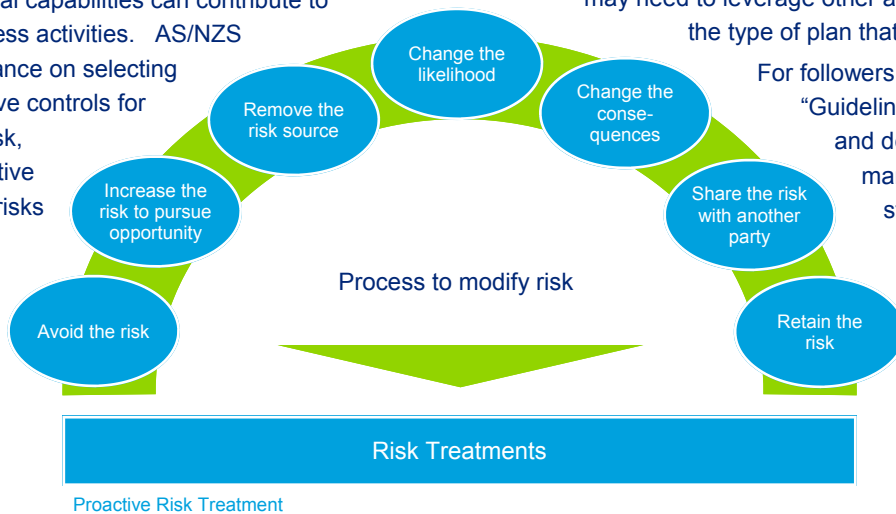
The overarching **process** section of the standard aligns with existing continuity management methodologies and recommends the development of a small number of disruption scenarios to stimulate thinking about the extent and impact of the disruptive event and the degree that the current organisational capabilities can contribute to restoration of business activities. AS/NZS

5050 places importance on selecting appropriate protective controls for disruption related risk, considering a proactive approach for those risks which influence the scale and likelihood of potentially disruptive events, and as a protective control the preparation of contingency plans (continuity and recovery plans) and contingency capability (failover capacity, diversification of supply chain). What may be overlooked by the reader when using this approach is the benefit of having event agnostic plans, which prepare the organisation for disruption related risk by using the information from the BIA to focus plans on critical business activities and associated dependencies.

The recommendation in the standard is that contingency plans address “stabilization, continuing critical functions and recovery” which are described as the three major forms of treatments in the plan. The general requirements also identify that the plans should be succinct, easy to follow and up to date. With communication, consultation, regular testing (exercising), monitoring and review the plans are expected to be embedded into the organisational culture so that staff will be familiar with the process should a disruptive event require invocation of the plan.

The provision for specific types of contingency plan e.g.

Crisis Management, Incident Response, Disaster Recovery, Business Continuity, is not included in the standard. This is left to the user to ascertain what will be most appropriate for the organisation. An organisation proposing to use 5050 to manage disruption related risk may need to leverage other available literature on the type of plan that might be appropriate.



For followers of **ISO Guide 72:2001** “Guidelines for the justification and development of management system standards”, 5050 provides a full section which allows for verification against the elements of the organisation management system. This section introduces two important elements which

have been missing from previous BCM standards – performance assessment and improvement of the framework. This will prove appealing to both, those organisations that have adopted 72:2001 and the risk and audit committee.

Adopting this standard is not mandatory in Australia or New Zealand, but may provide an alternative to or an adjunct to BSC25999 in this marketplace. Followers of the existing Standards Australia

- HB 221-2004 Business Continuity Management Handbook
- HB 292-2006 – A practitioner’s guide to business continuity management
- HB 293-2006 – Executive guide to business continuity management

may find it a difficult leap from the existing approach to the risk based methodology preferred by the latest standard.

BS25999 Business Continuity Management Lifecycle	AS/NZS 5050 Disruption Related Risk
1 Scope and Applicability	1 Scope and General
2 Terms and Definitions	1 Scope and General 1.3 Definitions
3 Overview of Business Continuity Management	
4 The Business Continuity Management Policy	
5 BCM Programme Management	3 Framework
6 Understanding the Organisation	2 Principles 3 Framework 4 The Process 4.2 establishing the Context 4.3 Risk Assessment
7 Determining BCM Strategy	4 The Process 4.4 Risk Treatment
8 Developing and Implementing the Response	4 The Process 4.4 Risk Treatment
9 Exercising, Maintaining and Reviewing BCM Arrangements	3 Framework 3.5 Monitoring and Review of the Framework 4 The Process 4.4 Risk Treatment
10 Embedding BCM into Organisational Culture	3 Framework 3.4 Implementation
	5 Verification of management systems against ISO Guide 72

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