

Lip Service Is No Longer Enough

By Robert Mackenzie, Partner, Business Technology & Consulting



The hot breath of the regulator is being felt on the necks of those managing companies and public bodies across a range of sectors, as the requirement to have a Business Continuity Plan (BCP) is fast becoming mandatory for more and more of us ...and not before time.

Almost one in five businesses can expect a major disruption in the next five years. Currently, of those businesses affected by a major incident, 80% close within 18 months. Of those that lose data, 90% cease trading within two years.

The risks of serious disruption are steadily increasing due to the greater complexity of modern business and the burgeoning range of potential threats. Just as we experienced the 'Winter of Discontent' almost 30 years ago, the UK has faced a 'Summer of Disruption' in 2007. Terrorist attacks, landslides, severe flooding, foot and mouth – all in the space of a few weeks, impacting on thousands of businesses and public sector bodies.

Regulators responsible for monitoring private sector companies and public sector bodies are accelerating the speed with which they will insist on organisations having a fully developed and tested BCP in place if they wish to operate. Across the sectors in which I operate - public, commercial, financial services, charities and housing - the same trend is developing; key regulators are looking to reduce the time horizon in which they expect BCPs to be obligatory from five years to three.

Regulatory bodies such as the FSA, OSCR (Office of The Scottish Charity Regulator) and Audit Scotland are no longer willing to accept that Business Continuity Planning is simply 'good practice'. They are looking to it becoming a mandatory requirement. Although there are different regulators in diverse areas, they all appear to be taking a similar approach. They are, in effect, creating an environment where they are demanding proper compliance in the field of Business Continuity Planning and management. Businesses can no longer get away with just paying lip service to BCP but need to actually do it.

And this is not simply 'red tape' rearing its ugly head once more – it is basic commercial sense. This is exemplified by the growing insistence of influential supermarkets that are increasingly driving suppliers to have BCPs – integrity of the supply chain is fundamental to their ability to operate, and suppliers will either have to demonstrate they have a comprehensive BCP in place or face being de-listed.

The public sector has taken a lead in Business Continuity Planning with its response to the Civil Contingency Act, which placed a requirement on organisations such as

Fire, Police, Ambulance and Local Authorities to have a BCP in place. The impact of this legislation has cascaded through the tiers of the public sector and we now see Local Authorities placing a similar requirement to have a BCP on those not-for-profit organisations that they are engaging to supply many of their services.

Some private sector companies may see the accelerating drive towards obligatory BCPs as another imposition on over-stretched resources and yet more bureaucratic tangle, but this really comes under the ‘head in the sand’ approach to management.

Undoubtedly, there will be those that doggedly adhere to the ‘keep the head down, work towards that next pressing deadline and keep your fingers crossed’ approach. Although they may not realise it, the regulators’ move to introduce mandatory BCPs could be the salvation of their business.

Such ‘dinosaurs’ have to look beyond the immediate challenge of producing their BCP and appreciate that the discipline of creating such a document has the major benefit of helping identify operational bottlenecks and weak points in their organisations. Addressing these stress points in their infrastructure can make them operate more effectively, so the BCP is not simply a ‘safety net’ and a way of keeping your regulator happy, but a fundamental means of analysing your organisation’s strengths and weaknesses.

It will enable management to understand the key business processes, improve the organisation’s resilience, identify business-critical information and, importantly, provide the confidence that the business can recover from disruption.

Once developed, the most important thing to do is keep the BCP up to date. Do not stuff it in a drawer and forget about it, but review it on a regular basis – at least once a year. It’s not a case of keeping the regulator off your back, but of making sure your organisation is fit to face the unexpected – and survive.

Robert Mackenzie is a partner in the Business Technology and Consulting division of accountants Scott-Moncrieff