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Managing the Risks of Business Disruptions

- Helps in building customer confidence and trust

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Running order

- **Business disruptions– in context**
- **Risks, Impacts and ‘Black Sawn’ events**
- **Operational Risks elements**
- **Strategic approach to preventing business disruptions**
- **Implementing Business Continuity Management**
- **Wrap-up**



Prevention
is better than
cure

Disruptions and disasters could happen any time!

But the damaging impact can be prevented!

Recent local and Global events

Auckland oil crisis

NEW ZEALAND

Auckland Airport flight disruptions peak as fuel crisis bites

20 Sep, 2017 7:23am

🕒 3 minutes to read



Courtesy; NZ Herald

Recent local and Global events

Auckland oil crisis

Revenue loss estimated
around \$ 15 million
plus many other
impacts



Recent local and Global events

Air-traffic control system failure at Sydney Airport

Major Airlines Around the World Paralyzed For Hours by Computer 'Network Issue'

By Peti Svab

September 20, 2017 11:36 am Last Updated: September 20, 2017 11:52 am



FLIGHT	DESTINATION	TIME	GATE	STATUS	FLIGHT	DESTINATION	TIME	GATE	STATUS	FLIGHT	DESTINATION	TIME	GATE	STATUS
Y2343	Melbourne	13:12	45	Gate Closed	VA847	Brisbane	14:00	35	Boarding	DL138	London	14:00	02	
JQ410	Gold Coast	13:45	47	First Call	WJ662	Brisbane	14:00	35	Boarding	VA1002	Liverpool	14:00	42	Gate Open
JQ210	Melbourne	13:50	34	Gate Open	VA1161	Brisbane	14:00	44	Gate Open	VA1167	Coffs Harbour	14:00	41	
T347	Melbourne	13:50	55	First Call	DL202	Brisbane	14:00	44	Gate Open	DL219	Coffs Harbour	14:00	41	
VA1163	Tamworth	13:55	33	Boarding	DL332	Liverpool	14:00	02		VA802	Canberra	14:00	31	
VA1162	Perth	13:55	35	Gate Open	DL376	Liverpool	14:00	02		AC914	Canberra	14:00	31	
JQ700	Sunshine Coast	14:00	52	Gate Open	JQ800	Canberra	14:00	49	Gate Open	VA1178	Albury	14:00	39	
VA846	Melbourne	14:00	34	Gate Open	VA1621	Canberra	14:00	32	Gate Closed	DL219	Albury	14:00	39	
DL717	Melbourne	14:00	34	Gate Open	AC970	Canberra	14:00	33	Gate Open	JQ800	Brisbane	14:00	05	
					DL400	Liverpool	14:00	02						

Courtesy; the Epoch Times

Recent local and Global events

Air-traffic control system failure at Sydney Airport

Hundreds of customers affected and knock-on effect on other airports and airlines.!



Courtesy; the Daily Telegraph

Recent local and Global events



The image is a screenshot of the BBC News website. At the top, the BBC logo is on the left, and navigation links for 'Sign in', 'News', 'Sport', 'Weather', 'Shop', 'Earth', 'Travel', and 'More' are on the right. Below this is a red banner with the word 'NEWS' in white. Underneath the banner is a secondary navigation bar with links for 'Home', 'Video', 'World', 'Asia', 'UK', 'Business', 'Tech', 'Science', 'Magazine', and 'Entertainment'. The 'Tech' link is highlighted. Below the navigation bar, the word 'Technology' is written in a smaller font and underlined. The main headline reads 'Massive ransomware infection hits computers in 99 countries'. Below the headline, it says '13 May 2017 | Technology'. To the right of the date are social media sharing icons for Facebook, Twitter, Messenger, Email, and a 'Share' button.

NEWS

Home | Video | World | Asia | UK | Business | Tech | Science | Magazine | Entertainment

Technology

Massive ransomware infection hits computers in 99 countries

🕒 13 May 2017 | Technology

f t m ✉ Share

Victims were demanded a payment of \$300 (£230) in virtual currency Bitcoin to unlock the files for each computer.



Recent local and Global events

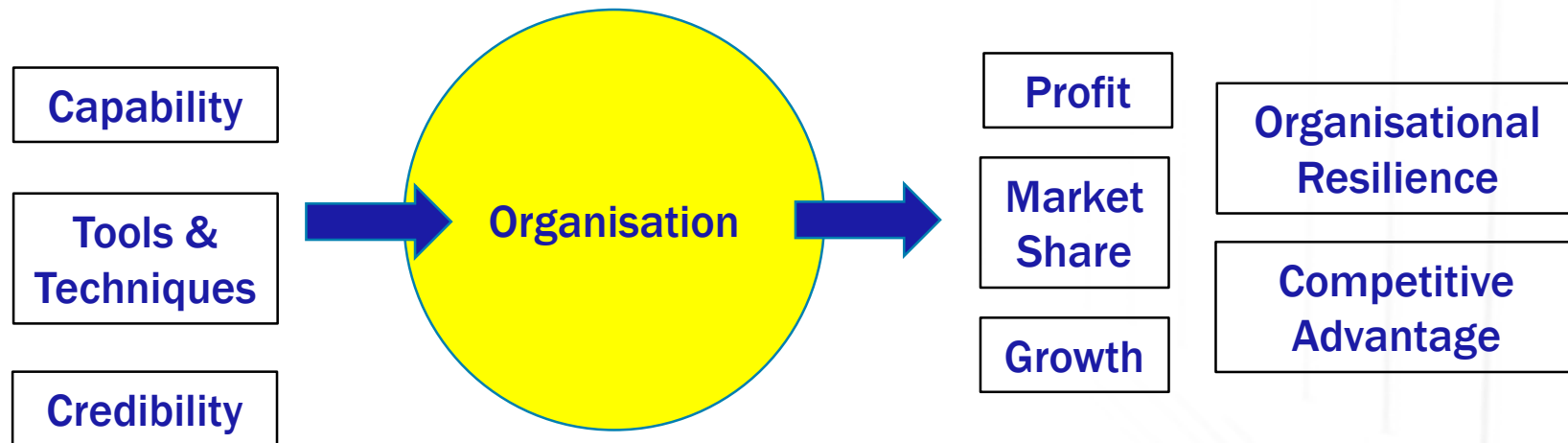
From minor loss of production to loss of reputation or even the closure of business.

So it is important to convince your stakeholders that you can continue when the unexpected happens, and you are prepared.

Your people are protected, their jobs are secure and the company is resilient



What do organisations want?



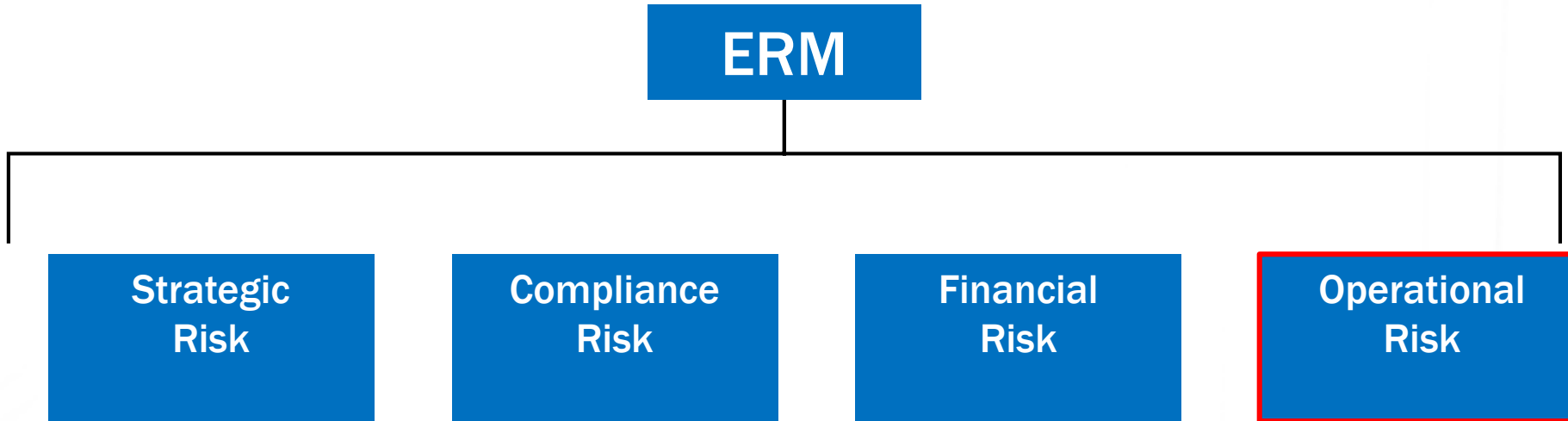
What are the organisations doing about it?

Successful companies effectively manage the RISKS.....



Risks vs. Opportunity

Enterprise Risk Management (ERM)



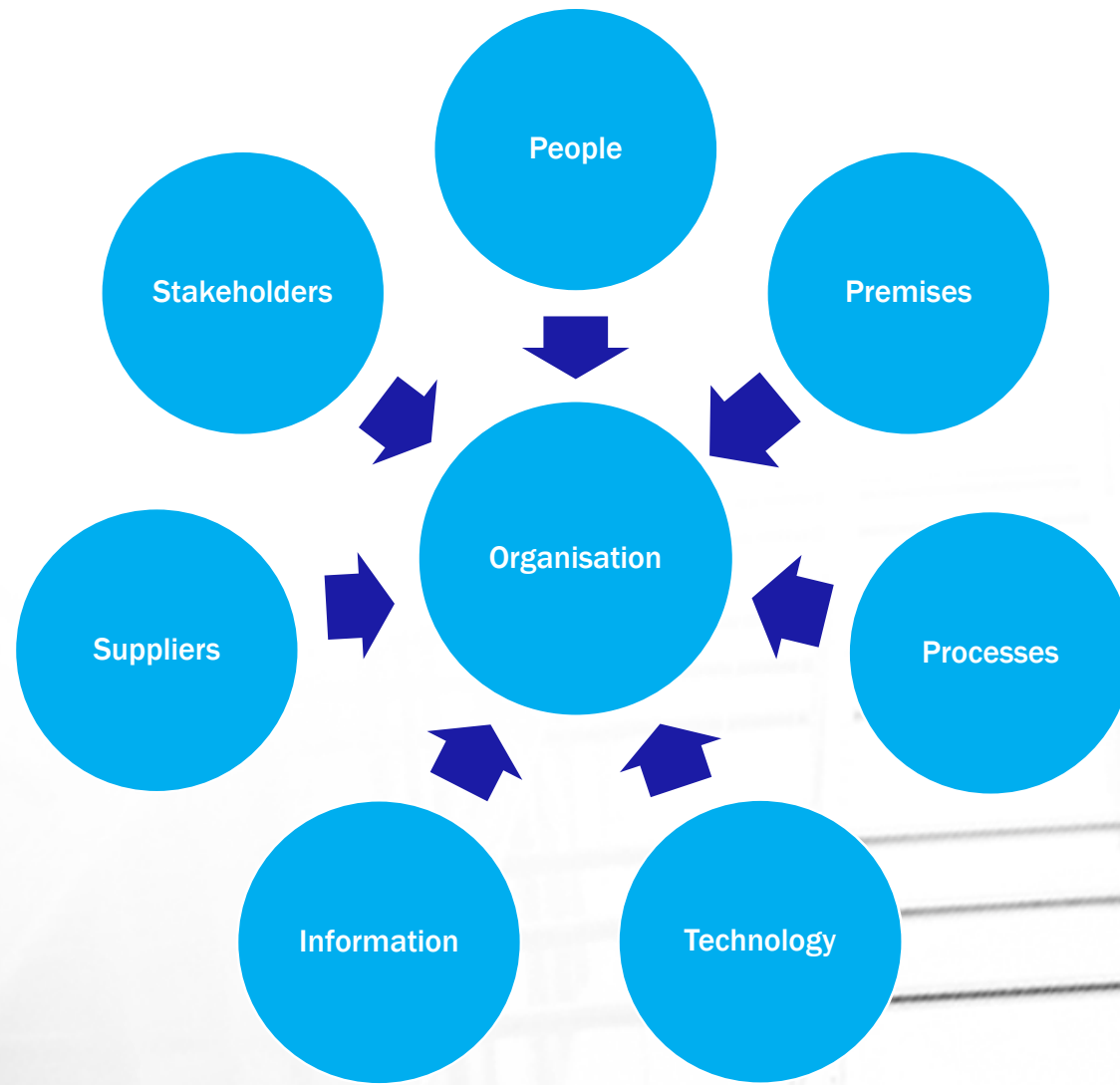
Strategic Risk is defined as the uncertainties and untapped opportunities embedded in the strategic intent of the organisation and how well they are executed. Source: PWC

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

Source: BASEL Committee Banking Supervision

NB: Operational Risk is in every part of the business

Operational Risks



Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

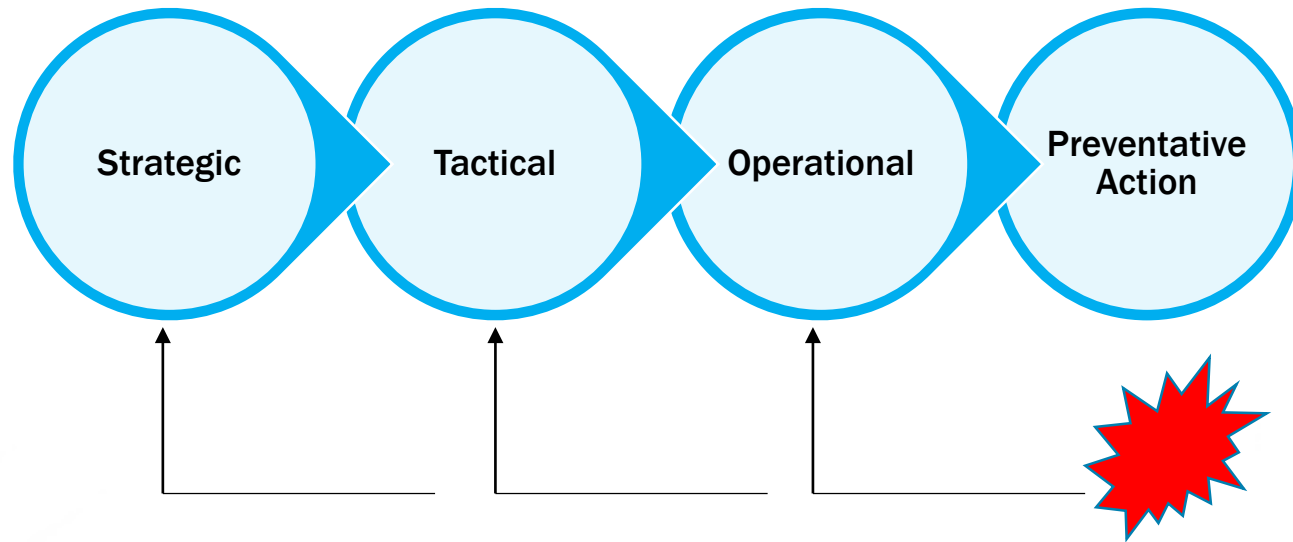
Source: BASEL Committee Banking Supervision

7 pillars that support the business

Operational Risk and Business Continuity Management (BCM)



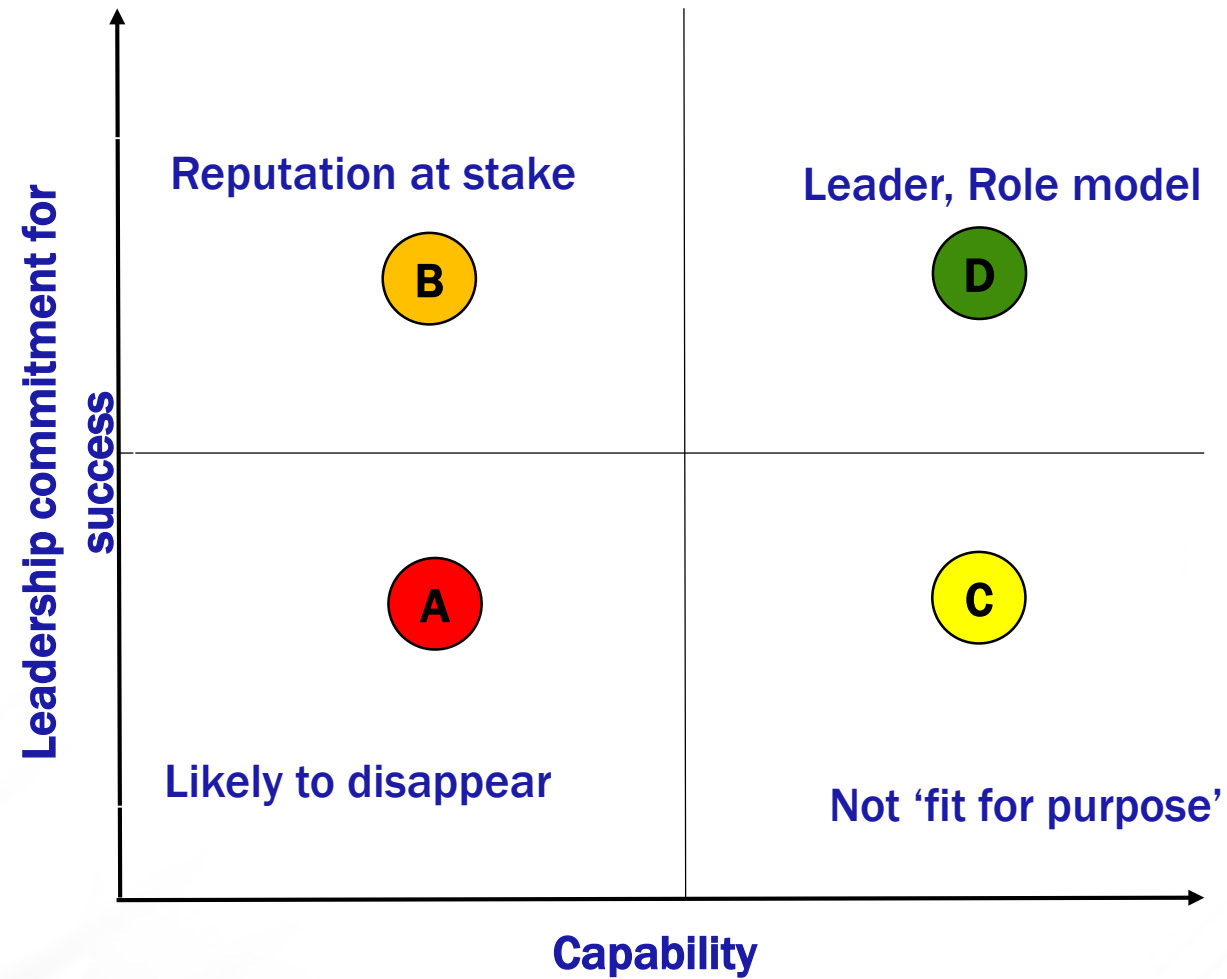
Managing Business Disruptions



Crisis Management **Incident Management** **Emergency Response** **Unforeseen happens.**
May be insufficient! May be insufficient! Preventative controls were ineffective

Business Continuity/IT DR

Leadership commitment for Organisational Resilience



Five Key Messages



Message # 1

Organisations mission critical activities have to be understood and protected

Prioritised Activities or Lines of Business

Found through Business Impact Analysis

Five Key Messages



Message # 2

The three categories of events that could happen have to be understood

- I. High impact – high probability
- II. High impact – low probability
- III. Low impact – low probability

‘Black Swan’ events

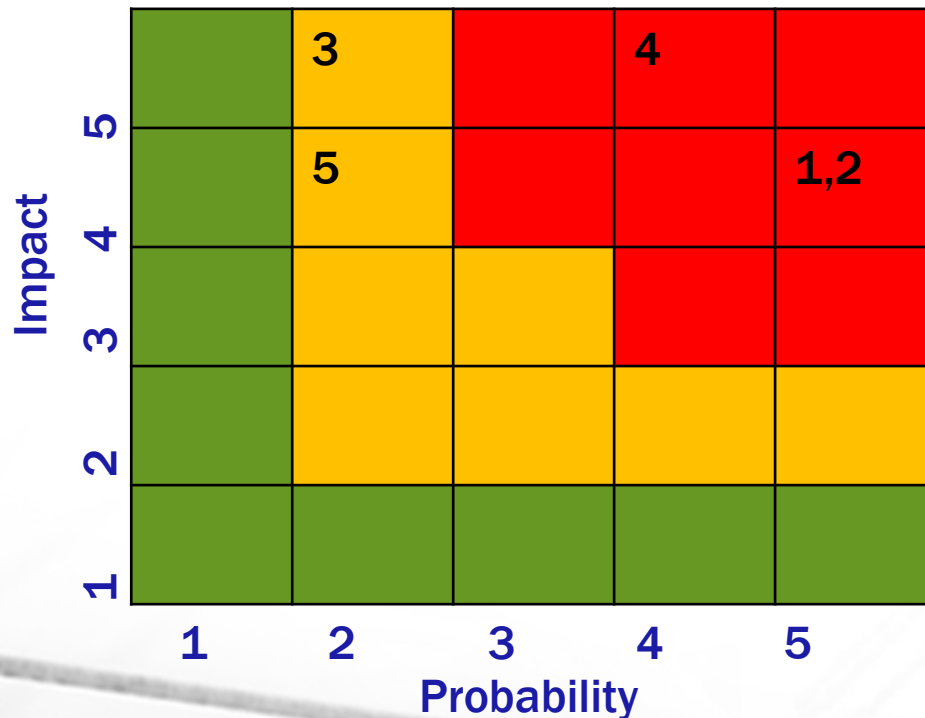


They are unpredictable, rare, but nevertheless high impact events.

Assess the risks on key activities and map

$$\text{Risk} = \text{Impact} \times \text{Probability}$$

Activity: Power Distribution



Threats

1. Storm Event
2. Lightning
3. Premises
4. Network failure
5. Fire

Knowledge check?

What should organisations do to manage those risks of business disruption?

- a. Do nothing
- b. Transfer the risk (insurance)
- c. Treat or mitigate the risks
- d. Terminate the activity
- e. Combination of a, b, c & d

Five Key Messages

Message # 3



Know your risk appetite

A strategic approach – Business Continuity Management (BCM)

Investment on BCM should be based on analysis of risks over time

Objective: Ensure **timely response and resumption** to deliver **essential business activities** in the event of a significant disruption by maintaining key business resources required to support those activities

Five Key Messages

Message # 4



Always be in a state of readiness

Building confidence and credibility to respond to disruptive incidents and events

- Develop 'fit for purpose' policies and plans
- Establish clear roles and responsibilities to respond, recover and restore
- Train people thoroughly and consistently
- Exercise and test the plans frequently and methodically
- Validate the continuity arrangements by internal and independent audits
- Continually improve the arrangements

Five Key Messages

Message # 5



Worse than the uncertainty is the 'state of ignorance'

A strategic approach – Business Continuity Management (BCM)



Some Myths

- It is only for large businesses
- Need more staff
- Is not a business priority
- Do not have skills and expertise
- It is a big investment
- We know what has to be done if there is a disruption or crisis
- Can download some templates and then implement

- 40% of the businesses do not reopen after a disaster - FEMA (Oct 2014)
- Increased focus on BCM Governance – 'whole of the business view' – Gartner (Mar 2014)

Business Continuity Management framework

BCM Lifecycle shows the stages of activity, that an organisation moves through and repeats with an overall aim of improving **organisational resilience**.



Business Continuity
Institute

Business Continuity Management (BCM) implementation



Key Steps

- Establish policy
- Prioritise your activities
- Understand all dependencies
- Conduct a Risk Assessment
- Determine Strategies
- Develop response and recovery plans (BCP) including incident & crisis management plans
- Define roles and responsibilities
- Document all of above
- Exercise and Test
- Train staff, build a culture of preparedness
- Monitor the system and continual improvement

Wrap-up: Standout from the rest..!



In an uncertain world the business that have the capability and credibility to respond and recover, they are ahead of the game.

Thank you!



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