

The seemingly increasing number of natural disasters including earthquakes, floods and bushfires as well as pandemics have highlighted that disaster can strike at any time. When it does it is important that an organisation can display resilience to maintain service to their customers and not lose critical market share.

A critical step in establishing organisational resilience is through the development of a business continuity plan (BCP).

The process of developing a BCP will help to identify critical activities and processes as well as any threats to them while providing a platform to develop a working plan for recovery and restoration following a major loss. Developing a BCP in accordance with the framework laid out in Australian/New Zealand Standard 5050:2010 Business continuity – Managing disruption-related risk will create an opportunity to thoroughly examine organisational objectives, operating environments and dependencies¹.

When creating a BCP there are four key questions that must be asked across all areas of the business:

- ▼ What could happen?
- ▼ What does that mean to the organisation?
- ▼ What is critical to continuing the organisation?
- ▼ What action should be taken before, during and after a catastrophe or major incident?



In order to create an effective BCP it is critical to conduct a detailed risk analysis. This usually involves two stages, the initial risk and threat analysis and the business impact analysis. Accurate determination of both will dictate the effectiveness of the plan. A comprehensive BCP should include items such as: loss of key suppliers and customers; damage to critical machinery and equipment; loss of human expertise, knowledge and experience; product recall and loss of reputation.



While a BCP is a form of risk treatment designed to improve an organisation's ability to respond rapidly and effectively to disruptive events, development of additional contingency capacity should be considered. This could include actions such as: provision of back-up or alternate production facilities; built-in redundancy; alternative supply arrangements; storage of critical spares or additional resources; and the establishment of a crisis management team.

BCPs should be developed as part of the organisation's overall risk management plan. This requires a detailed understanding of the organisation's objectives, operating environment and any dependencies of the business.

Good BCP practises should incorporate contingency preparedness for unseen events and improve the overall resilience of an organisation, providing greater certainty for the future.

References

- ¹ Standards Australia, *Business continuity – Managing disruption-related risk*, AS/NZS 5050:2010, Standards Australia, NSW.

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Contact us at riskengineering@vero.com.au