

BEST PRACTICES

Three ways to shift your mindset for better BCM decisions



We recently produced a webinar called “How to add more relevant financial context to your BCM program”. It was based on conversations that we often hear from customers about how they struggle to effectively communicate their risk or build a business case for investments in technology and resources to address gaps in their BCM programs.

At the start of the presentation, we contrasted two scenarios:

Scenario 1: Jane is a business continuity manager at a large bank. She is making a presentation to her executive team to justify a technology investment that will improve the availability of a critical business process that supports high net-worth accounts. The process has a high criticality rating with a 4-hour recovery time objective (RTO). The cost of remediation is \$50,000 and will significantly reduce the impact of any outage.

Scenario 2: Kate is a business continuity manager at a large bank. She is making a presentation to her executive team to justify a \$50,000 technology investment that will improve the availability of a critical business process that supports high net-worth accounts. She estimates that every hour of interruption to the process will cost her company \$25,000 in revenue. With a four-hour RTO, each outage is estimated to cost the company \$100,000. She is confident that their investment will improve their recovery time, and save the organization \$75,000 in the event of an outage.

These are basic examples, but they’re meant to illustrate how even a small amount of financial information can provide more meaning to senior management, by putting the story of risk and remediation in a business context.

Often the language we use to talk about risk is vague and imprecise. (Think about how much room for interpretation there is for heat maps with “high/medium/low” risk levels.) In scenario 2, Kate has built a story that she can clearly and confidently present to her peers, and make a stronger case to prioritize the investment. To get from “Jane” to “Kate”, most organizations will need to update their perspective on how they talk about BCM. There are three activities that you can use to start shifting your mindset: focus on outcomes, aim for understanding over precision, and shift to business-driven risk management.

#1: Focus on outcomes

When organizations start building the maturity of their BCM program (especially when there is a technology investment involved) most of their focus is on *features*, and there is not enough focus on *outcomes*. For example, often organizations are so focused on inputting their plans or building a perfect workflow, that they lose sight of the key information that needs to be delivered to senior management. Before you get to the laundry list of features, you need to be crystal clear on the outcomes required to achieve success.



By **Melissa Cohoe**
Director of Implementation
& Integration
icebergnetworks.com

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For a business continuity program, typical outcomes or capabilities that we see include:

- Create a “single source of truth” for the BCM program
- Identify the crown jewels of the corporation
- Identify and remediate business continuity risks
- Understand the RTO/RTC gap
- Apply a consistent workflow for plan creation, testing, and findings
- Provide trusted info to operational risk management, executives, audit
- High user adoption of BCM program

Any features you want to develop as part of your BCM program should be linked to one (or more) of these outcomes. If you can demonstrate that your BCM program delivers on these outcomes, you’ve also demonstrated the strategic value of your BCM program for your company.

#2 Aim for understanding over precision

Thinking back to the example of Jane and Kate, Kate estimated the cost per outage at \$100,000. Would her business case change if she pegged the cost of the outage with more precision at \$103,250? How much extra work would Kate and her team need to do to consistently undertake to create that level of precision?

It’s more important to convey the magnitude of potential loss, for example “We will lose \$100k” versus “We will lose \$50k”. That’s why understanding, not precision, is what provides real value.

In our experience, organizations put too much effort into the pursuit of “perfect” numbers, whereas the best approach is often to “keep it simple” and just get started. From a BCM perspective, start by identifying what data will provide most meaning to your BCM program, and prioritize its collection. For example:

- **Capture data that will drive decisions**, either during the business continuity planning process (creation, during a crisis, testing process) or about the BCM program in general (“I have to modify all my plans based on new evidence. Which plans should I prioritize first?”)
- **Focus on financials**. This is exactly what Kate did in our scenario above. In many cases this information is already being captured in some form and can be adapted.
- **Minimize miscellaneous or informational data**. Make sure that data is kept with purpose (and aligned with your program outcomes), and not because it might be needed down the road. Minimize the clutter, which can distract from other more meaningful data.
- **Maximize end-user engagement**. Your users will get frustrated if they have to enter data in too many extra fields, or if data entry is cumbersome. Make sure any information provides value, and that your users understand why. This will help increase engagement and efficiency.

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Above all, avoid analysis paralysis. If you don't know everything you need, just start where you are – don't wait for perfection. You can enhance and improve as you go, and in fact, having incorrect data against a business continuity plan or process will likely result in faster resolution as it starts to show up in reports.

#3: *Business-driven instead adherence-driven risk management*

This is a critical step for building maturity and there's no quick or easy path to achieve it. Most organizations begin their BCM program with an adherence-driven focus, usually defined from a top-down perspective or driven by an internal audit recommendation or external regulator requirements.

Moving to business-driven risk management requires a culture shift, where you can start talking about risk as something that the business owns and is in their best interest to understand and resolve. Business-driven risk requires a proactive approach to anticipating where your risk might be and solving issues in advance.

By taking this approach you'll start to change your colleagues from reluctant participants in the risk management process to active and engaged stakeholders. When people start to realize the value of the BCM program from a more strategic perspective, the conversation will begin to change from *"because we have to"* to *"because it's in our best interest to"*.

Driving more meaning from risk management

You'll note that none of this advice is about any particular piece of technology. It's all about a change in approach. Like any area of risk management, your organization's approach to BCM will be constantly changing and evolving. By evolving the language you use, focusing on outcomes, and aiming for understanding, you'll be able to start that cultural shift. It's all about driving more meaning from your risk program, and ultimately providing more strategic value to your organization.



WATCH THE WEBINAR

Watch a replay of the webinar or download the deck from our Risk Intelligence Library at icebergnetworks.com/library