

# BIA Instructions

## **BUSINESS CONTINUITY MANAGEMENT - WORKSHOP**

### **Business Impact Analysis Instructions**

#### **Purpose:**

The Business Impact Analysis (BIA) is performed to develop a common understanding of the business processes that are specific to each business unit and critical to the survival of an organization.

#### **Scope:**

The BIA identifies mission critical and business priority business processes that business units will need to recover to achieve the mission critical goals of the Company.

#### **Corporate**

Each Corporate business unit will complete a BIA. The BIA will be kept as part of the business unit BCP Chapter. The BIA will be reviewed annually and will be updated whenever new business processes are introduced. Revisions to BIAs will be forwarded to the BCP Coordinator.

#### **Local Office**

All offices will base their BIAs on the identified Critical business processes as outlined in the BCP Master Plan Overview. Additional processes may be included as appropriate to each office.

#### **Assumptions**

When answering the business impact questions, use the following assumptions:

1. Your office building will not be accessible for an indeterminate amount of time;
2. Your essential services are affected by external factors (e.g. there is a loss of power, heating, lighting);
3. Voice and data communications are unreliable, both internally and externally;
4. This is the busiest / most critical time of your processing cycle;

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- 5. Most electronic records, documents and other information are inaccessible;
  - 6. Most office equipment and computer equipment is inoperable; and
- Some or all of your available resources are reassigned to support higher priority response/recovery activities

<b>Business Function</b>	A business unit within an organization focused on a specific business goal or service. This may be a section, a department, or a division depending on the complexity of the organization.
<b>Business Process</b>	<p>A group of business activities/tasks performed by a business function in pursuit of a business service/product or an organizational goal.</p> <p>A business process usually depends upon several business functions for support, e.g. IT, personnel, facilities, suppliers, etc.</p> <p>Typical private sector business processes include:          Receiving orders, marketing services, selling products, delivering services, distributing products, invoicing for services, accounting for money received.</p> <p>A business process rarely operates in isolation, i.e. other business processes will depend on it and it will depend on other processes.</p>

## Business Process Identification

### ***Objective of Business Process Identification***

The objective of the Business Process Identification is to list the business processes for the business function in order to develop a high level understanding of the interaction between and the relationship of business processes in the organization.

### ***Business Process Identification***

1. **List the business processes that this business function performs.**

*Document each business process on a separate line of the questionnaire.*

Each business process will be entered here and then each process will be populated throughout the spreadsheet automatically. If you make any changes to the process name, do it on this worksheet only!

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## 2. What inputs do you need for this process and who or what provides the inputs?

*Identify the Inputs and the Sources of the inputs for this business process.*

### Example

<b>Business Process</b>	Maintain Customer Database
<b>Input</b>	New or changed Customer information
<b>Sources</b>	Change of Customer Information Form received via mail, fax or email.
	Drop in at office
	Telephone call from Customer.

## 3. What outputs are produced by this process and where does the output go?

*Identify the Outputs and the Destinations of the outputs for this business process.*

### Example

<b>Business Process</b>	Maintain Customer Database
<b>Outputs</b>	Confirmation Letter
	Electronic file
<b>Destinations</b>	Mailroom - letter to Customer confirming change made to Customer information to be sent via Canada Post mail.
	Business Process 'Assess Customer' - updated records are exported to ZYX application to update another database.

### ***Business Process Identification Definitions***

<b>Input</b>	A piece of information <b>and/or</b> the completion of a task/process needed in order to commence or complete a business process.
<b>Source</b>	The point of origin (within the organization) of the input for a business process.
<b>Output</b>	An outcome, product or service resulting from the completion of a business process.
<b>Destination</b>	The name of the client, customer or business process the output is sent to.

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## Maximum Allowable Outage

### **Objective of Maximum Allowable Outage**

The objective of the Maximum Allowable Outage assessment is to understand at what point in time the unavailability of a business process would have a significant impact on the organization.

A business process is unavailable if it is out of service, out of operation or access to it is denied.

### **Maximum Allowable Outage**

#### **1. How long can the business process be unavailable without adversely affecting the overall operation of the organization?**

*Using the dropdown box in the spreadsheet select the length of time the organization can operate without the Business Process before the unavailability causes a significant impact. This timeframe is the Maximum Allowable Outage (MAO) for the business process.*

*Please note that days are elapsed days.*

<b>LEGEND</b>
Less than 8 hours
8 to 24 hours
25 to 72 hours
4 to 7 days
8 to 14 days
15 to 30 days
More than 30 days

#### **2. At what time of the week, month, year or business cycle is processing especially critical or volumes exceptionally high?**

*The timing sensitivity and volumes sections allow free form text.*

##### **Time Sensitivity**

*Using freeform text, describe when an outage could be most disruptive to the business process. When would be the worst possible time of the week, month, year, or business cycle to lose this process?*

**Example** – from 15<sup>th</sup> to 20<sup>th</sup> of each month

##### **Volumes**

*Indicate maximum volumes for each process and time.*

**Example** – 3000 cheques printed and mailed from 15<sup>th</sup> to 20<sup>th</sup> of each month

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The information gathered in the MAO section is used to build a Calendar of Volume and Events. The calendar is created after the BIA is complete.

The Calendar of Volume and Events is input to the development of Contingency Plans and Recovery Plans.

## Quantitative Impact

### ***Objective of Quantitative Impact***

The objective of the Quantitative Impact assessment is:

- To determine the potential financial damage or loss the organization will suffer if the business process is unavailable.
- To determine how the financial loss will escalate over time.
- To identify what form of financial damage or loss is expected.

### ***Quantitative Impact***

**1. Is the business process directly involved with collecting, billing, distributing or processing revenue? If yes, please complete the following:**

**a) If the business process is unavailable, estimate the maximum dollar loss that will result for the each of the timeframes listed below.**

*A business process is unavailable if it is out of service, out of operation or access to it is denied.*

*Allocate the dollars lost over each of the outage timeframes noted in the table below. Estimate the dollar loss for each time frame individually. The cost will be totalled automatically. Please note that days are elapsed days.*

**Example** – the dollar amount of interest that would be lost if there were no electronic deposits being processed.

<b>OUTAGE TIMEFRAMES</b>
Less than 8 hours
8 to 24 hours
25 to 72 hours
4 to 7 days
8 to 14 days
15 to 30 days
More than 30 days

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- b) Is there any impact to cash flow if the business process is unavailable? If yes, describe the consequences of decreased cash flow.**

*Describe the effect on the organization if cash flow is impacted.*

- c) If the business process is unavailable, will any extraordinary expenses be incurred? If yes, estimate the dollar amount and describe the nature of those extraordinary expenses.**

*Estimate the dollar amount of the extraordinary expenses.*

*Describe the nature of the extraordinary expenses to be incurred.*

*Extraordinary expenses include overtime or hiring of outside contractors and/or extra equipment to catch up on the backlog of work caused by the outage.*

- d) If the business process is unavailable, will any contractual or regulatory financial obligations or penalties be triggered? If yes, estimate the dollar amount and describe the nature of those costs.**

*Estimate the dollar amount of the contractual or regulatory costs.*

*Describe the nature of the contractual or regulatory costs to be incurred.*

*Contractual or regulatory financial costs can include fees, fines, penalties, missed milestone payments, etc.*

Total Financial Cost includes:

Maximum Dollar Loss Over Time + Extraordinary Expenses +  
Contractual/Regulatory Obligations

## Qualitative Impact

### ***Objective of Qualitative Impact***

The objective of the Qualitative Impact assessment is:

- To identify and categorize the type of damage or loss the organization will suffer if the business process is unavailable.
- To rank the impact of the loss of a business process.
- To identify if the impact of the loss escalates over time.
- To explain and/or corroborate the impact ranking assigned.
- To summarize impact rankings for the Business Function.

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## *The Six Business Impact Analysis Categories*

<b>Financial</b>	<b>Legal</b>	<b>Regulatory or Legislative</b>
<ul style="list-style-type: none"> <li>• Property loss</li> <li>• Revenue loss</li> <li>• Cash flow</li> <li>• Accounts receivable</li> <li>• Accounts payable</li> <li>• Loans</li> <li>• Advance receivables</li> <li>• Payable balances</li> <li>• Additional expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Legal liability</li> <li>• Breach of law</li> <li>• Fines</li> <li>• Contractual penalties</li> <li>• Late fees</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory violations</li> <li>• Legislative violations</li> <li>• Environmental violations</li> <li>• Health &amp; Safety violations</li> </ul>
<b>Service Delivery</b>	<b>Image / Credibility</b>	<b>Health &amp; Safety</b>
<ul style="list-style-type: none"> <li>• Reduced customer service</li> <li>• Reduced public service</li> <li>• Personal hardship</li> <li>• Community hardship</li> <li>• Commercial hardship</li> <li>• External reports</li> <li>• Loss of personnel</li> <li>• Loss of management control</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of image, reputation or credibility</li> <li>• Damage to public image or confidence due to lack of service delivery</li> <li>• Political embarrassment or damage due to reduced public service, image or confidence</li> <li>• Decreased employee morale</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of life</li> <li>• Safety risk</li> <li>• Health risk</li> </ul>

## *Impact Criteria Definitions*

Additional expenses	Costs associated with idle staff, wages paid to extra staff to handle backlogs, equipment rental, outside services and transportation.
Loss of personnel	Contracting staff, auxiliary staff, etc. resign because the business process is non-operational and there is no work for them.
Loss of management control	Loss of ability to manage areas of the organization.

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## ***Qualitative Impact***

### **a) Impact**

- 1. For each of the 6 Impact categories listed, rank the Impact to the organization if the business process is unavailable.**

*From the dropdown box in the column, select the ranking that in your opinion, describes the Impact to the organization of an outage for each process. Rank the business process on each of the 6 Impact categories using the Impact Rank table below.*

**Example** - For each Impact Category ask the question – Does the unavailability of this business process have an extreme (or major, moderate, minor or nil) Financial Impact (or Legal, Regulatory/Legislative, Service Delivery, Image/Credibility or Health & Safety Impact) on the organization &/or on its' internal customers, staff or external customers/clients?

Impact	Rank
Extreme	5
Major	4
Moderate	3
Minor	2
Nil	1

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## b) Timing

### 2. As the length of the outage increases, note at what point in time the Impact rises above the initial Impact ranking.

*The timing category seeks to establish how the length of the outage affects the Impact rating. Does the length of the outage increase the impact of the outage on the process? Is there a point in time from the failure that the unavailability of the process increases the original impact of the failure?*

*If yes, using the dropdown box in the column, for each of the 6 categories listed, select the Ranking which reflects the point in time when the Impact becomes greater than the original Impact ranking. Please note that days are elapsed days*

**Example** - For Business Process Xxxxxx the Impact Ranking is 3 (Moderate Impact). However, if the length of time Business Process Xxxxxx is unavailable exceeds 11 days, the impact to the organization now increases to an Impact Ranking of 5. Therefore the Timing Rank for Business Process Xxxxxx is Rank 2 (Impact increases after 11 – 14 days)

If Impact Increases After	Rank
1 – 2 days	5
3 – 5 days	4
6 – 10 days	3
11 – 14 days	2
> 15 days	1

## c) Total

*The total column is calculated by multiplying the **Impact** and the **Timing** rankings. This will result in the total impact of that qualitative category.*

## d) Substantiation

### 3. Substantiate all rankings of 3, 4 or 5.

*Because the rankings are subjective it is necessary to explain or substantiate the rankings. Using free form text, provide the following information in the Substantiation:*

- *Justification for rankings of 3, 4 and 5. . If a rank of 3 or higher is given to a category there must be a justification for the ranking.*
- *List customers/clients/business partners (internal or external) impacted by the inability to deliver or perform this process.*
- *Describe the extent of the impact and estimate the amount of time before the impact would affect the customer/clients/business partners.*

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## ***Summary of Qualitative Impacts***

### **Summary of Business Processes**

The AVERAGE rankings for the Qualitative Impacts for each Business Process are summarized on this spreadsheet. The Total Financial Costs and the MAO are repeated here for analysis purposes.

*This summary averages the Total Qualitative Impacts to produce an average ranking between 1 & 25.*

*The summary highlights which business processes would have the highest Qualitative Impact if lost to the organization.*

*The Total Financial Costs and Maximum Allowable Outage information is included here to facilitate the analysis of the business processes by providing a 'one page view'.*

Using this information a determination can be made as to which business processes are 'critical'. Any process that is critical must have a Continuity Plan and/or a Recovery Plan developed for it.

At this point you must uniquely identify each business process with an alphanumeric.