

Business Impact Analysis

Business Continuity Workshop



How to conduct a BIA

- Understand the Business Function
- ID the Primary Customers
- What are the Service Objectives
- Identify the Business Processes
- Identify the Inputs for these Processes
- Identify Who or What Provides these Inputs
- Identify What Outputs are produced and Where does it Go

How Does it Fit

3. How does the Business Function fit in with the overall mission statement of the organization?

Supplies the World with energy

Who are the Primary Customers

4. Who are the primary customers of the Business Function?

Governments

Private Sector clients

Military

ABC Limited

What are the Primary Service Objectives

5.	What are the primary service objectives of the Business Function?
1	assemble components into energy boxes
2	complete 1500+ per day
3	Ensure quality Assurance rejects less than 5% output
4	complete all documents as required

Identify The Business Functions

1.	List the business processes that this business function performs.	
	1	receives raw parts
	2	assembles parts into boxes
	3	completes production reports
	4	passes completed work to Group II
	5	

What are the Inputs for these Processes

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

	Process Name	Inputs	Sources
1	receives raw parts	Central inventory	suppliers
2	assembles parts into boxes	labour, misc. sub parts	local population, stores
3	completes production reports	personal ID, time, units produced	time cards
4	passes completed work to Group II	Outputs	unit

What are the Outputs for these Processes

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

	Process Name	Outputs	Destinations
1	receives raw parts	parts	assembly tables
2	assembles parts into boxes	boxes	Group II
3	completes production reports	production report - electronic	Management
4	passes completed work to Group II	boxes	Group II

How Long can these Processes be Unavailable

1. How long can the Business Process be unavailable without adversely affecting the overall operation of the organization?

	Process Name	Time Frame (MAO)	
1	receives raw parts	< 8 hrs	Legend
2	assembles parts into boxes	< 8 hrs	Less than 8 hours
3	completes production reports	< 8 hrs	8 to 24 hours
4	passes completed work to Group II	< 8 hrs	25 to 72 hours
5	0		4 to 7 days
6	0		8 to 14 days
7	0		15 to 30 days
8	0		More than 30 days

Timing & Volume Consequence

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

	Process Name	Time Sensitivity	Volume
1	receives raw parts	any time	1500/day
2	assembles parts into boxes	any time	
3	completes production reports		
4	passes completed work to Group II	any time	

Revenue Impact Analysis Example

Process Name	Maximum Dollar Loss Over Time							Total Financial Cost
	< 8 hours	8 to 24 hrs	25 to 72 hours	4 to 7 days	8 to 14 days	15 to 30 days	> 30 days	
receives raw parts								\$0
assembles parts into boxes								\$0
completes production reports								\$0
passes completed work to Group II	15,000	30,000	60,000	105,000	210,000	450,000		\$945,000

Cash Flow Impact Example

Process Name	Describe the consequences of decreased cash flow
receives raw parts	
assembles parts into boxes	
completes production reports	
passes completed work to Group II	bankruptcy pretty quick

Extraordinary Expenses Impacts

Process Name	Extraordinary Expenses (\$)	Describe the extraordinary expenses to be incurred
receives raw parts		
assembles parts into boxes		
completes production reports		
passes completed work to Group II		

Penalty Analysis

Process Name	Contractual or Regulatory Costs (\$)	Describe the nature of the contractual or regulatory costs to be incurred
receives raw parts		
assembles parts into boxes		
completes production reports		
passes completed work to Group II	75,000	failure to meet production commitments

Financial Impacts

Process Name	Financial			
	Impact	Timing	Total	Substantiation
receives raw parts	5	5	25	need to produce 1500/day
assembles parts into boxes	5	5	25	
completes production reports	5	5	25	
passes completed work to Group II	5	5	25	need to produce 1500/day to Grp II
0			0	

Legal Impacts

Process Name	Legal			
	Impact	Timing	Total	Substantiation
receives raw parts	1	1	1	
assembles parts into boxes	1	1	1	
completes production reports	1	1	1	
passes completed work to Group II	1	1	1	

Regulatory or Legislative Impacts

Process Name	Regulatory or Legislative			
	Impact	Timing	Total	Substantiation
receives raw parts	1	1	1	
assembles parts into boxes	1	1	1	
completes production reports	1	1	1	
passes completed work to Group II	1	1	1	

Service Delivery Impacts

Process Name	Service Delivery			
	Impact	Timing	Total	Substantiation
receives raw parts	5	5	25	very tight processing schedule, no delays
assembles parts into boxes	5	5	25	
completes production reports	5	5	25	
passes completed work to Group II	5	5	25	

Image or Credibility Impacts

Process Name	Image / Credibility			
	Impact	Timing	Total	Substantiation
receives raw parts	5	5	25	can't afford to lose face, Company depends on us
assembles parts into boxes	5	5	25	
completes production reports	5	5	25	
passes completed work to Group II	5	5	25	

Health & Safety Impacts

Process Name	Health & Safety			
	Impact	Timing	Total	Substantiation
receives raw parts	1	1	1	
assembles parts into boxes	1	1	1	
completes production reports	1	1	1	
passes completed work to Group II	1	1	1	

Summary of Impacts

Business Process Name	Average Impact Rank	Total Financial Costs	Maximum Allowable Outage
receives raw parts	13.00	\$0	< 8 hrs
assembles parts into boxes	13.00	\$0	< 8 hrs
completes production reports	13.00	\$0	< 8 hrs
passes completed work to Group II	13.00	\$945,000	< 8 hrs

Image / Credibility

Service Delivery

Financial

BIA

BIA – Overall Impacts

- Loss of competitive advantage or market position
- Loss of shareholder confidence
- Increased liability
- Decreased employee morale
- Cash-flow difficulties
- Reduced public image or confidence
- Reduced customer service
- Contractual consequences
- Possible Regulatory violations and consequences
- Loss of key personnel