

# Measuring Readiness

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2007 Business Continuity &  
Corporate Security Conference





**“What gets measured gets done.”**



**“What gets measured gets done.”**

**Recoverability  
Responsiveness  
Readiness**

**This Isn't  
The  
Answer!**

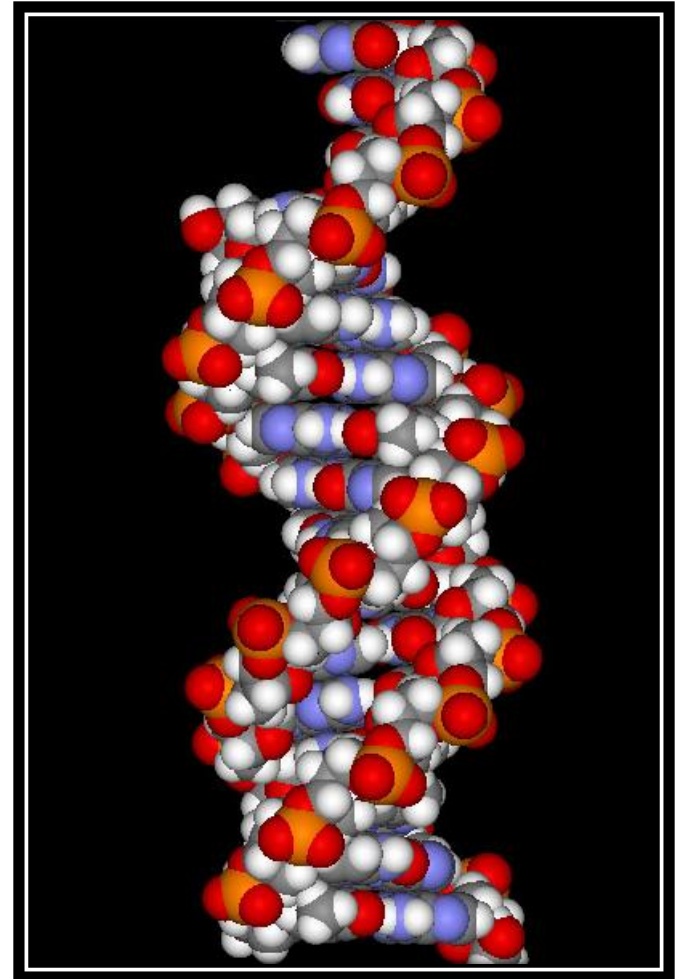


# Overview

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- What is Readiness
- Why Measure
- Prerequisites
- What to Measure
- How to Measure
- Using the Results



# What is “Readiness”

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**BUSINESS  
CONTINUITY PLANS  
(UP TO DATE)**

**Awareness  
Programs**

**COMPLIANCE**

**Risk Assessment**

**Policy**

**BIA**

**Exercises**

**Management  
Support**

**STRATEGIC  
ALIGNMENT**



# Why Measure

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- Understand level of residual risk
- Measure (prove) effectiveness of investment
- Review management support and commitment
- Assess performance of planning participants
- Assess regulatory compliance (avoid fines and service suspension)
- Identify deficiencies and focus remediation efforts

**Have You Done Everything You Can  
Do To Be Ready For a Crisis?**

# Prerequisites to Measurement

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What if I asked you if the person sitting to your right was above average height?

- But I didn't give you a tape measure...
- Or didn't tell you which units to measure in...
- Or tell you what average height is...

# Prerequisites to Measurement

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What if I asked you how “ready” your organization is to address a business interruption?

But I didn't give you a tape measure



No knowledge of the tools executive managers use to measure effectiveness

Or didn't tell you which units to measure in



An ad hoc business continuity or crisis management program

Or tell you what an average male's or female's height is



No business continuity policy, standard or regulation that's followed

## Can You Measure Ad Hoc Performance?

# Prerequisites to Measurement

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1. Identify applicable standards
2. Set (consistent) expectations through a policy document or governance framework
3. Provide tools and resources to planners
4. Coach planners or perform planning activities in a repeatable manner
5. Understand enterprise risk criteria; link business continuity to this criteria
6. Measure performance

# Pick A Standard(s)

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## Industry Specific

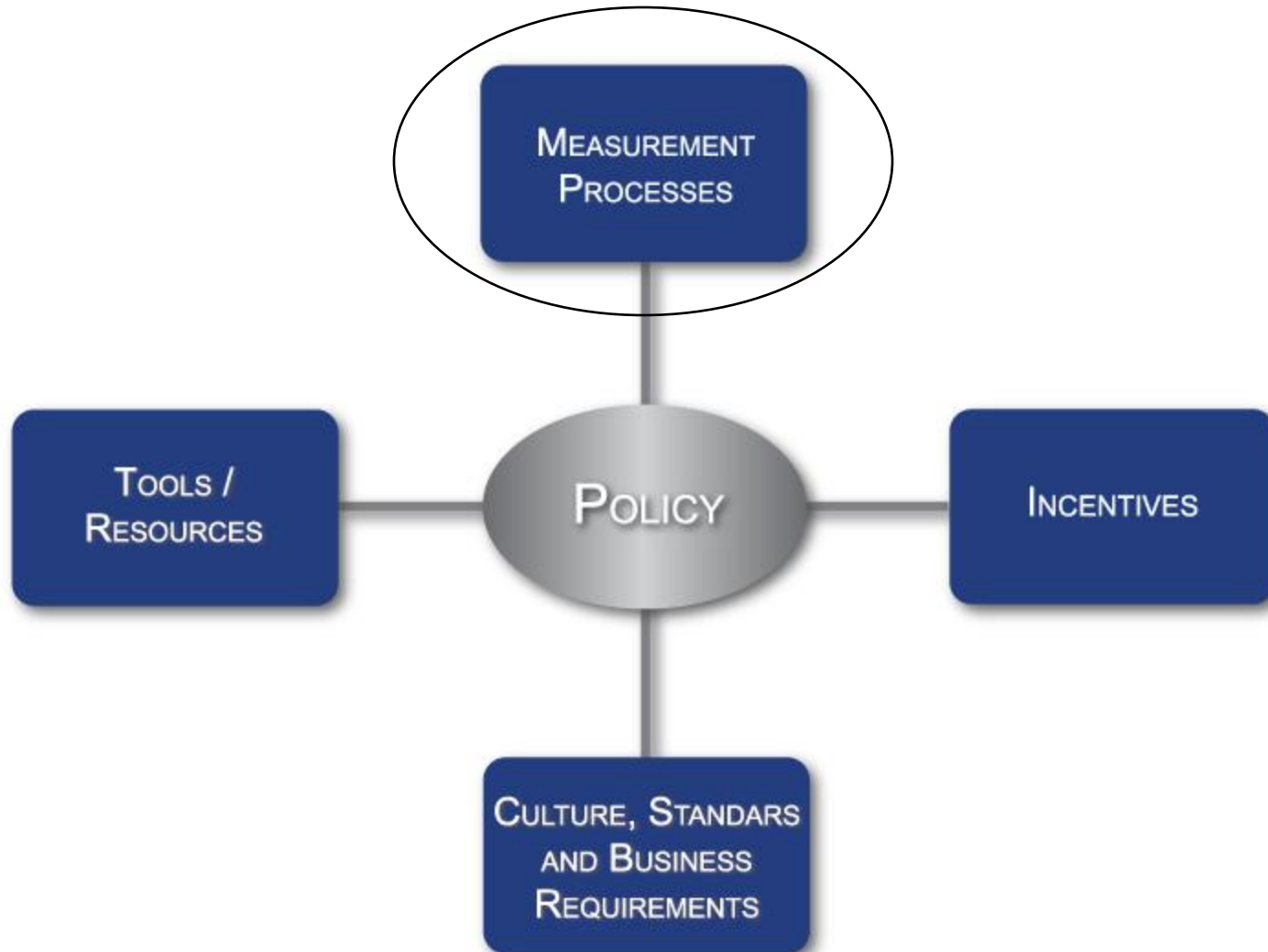
1. FFIEC
2. Basel II ORM
3. Financial Services Authority
4. JCAHO/HIPAA
5. NYSE 446
6. Bank of Japan

## Industry Independent

1. BS25999
2. NFPA 1600
3. CoBiT
4. ISO 17799
5. OSHA 3327
6. HB 221:2004
7. TR19:2005

# Avalution's Governance Framework

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# What to Measure

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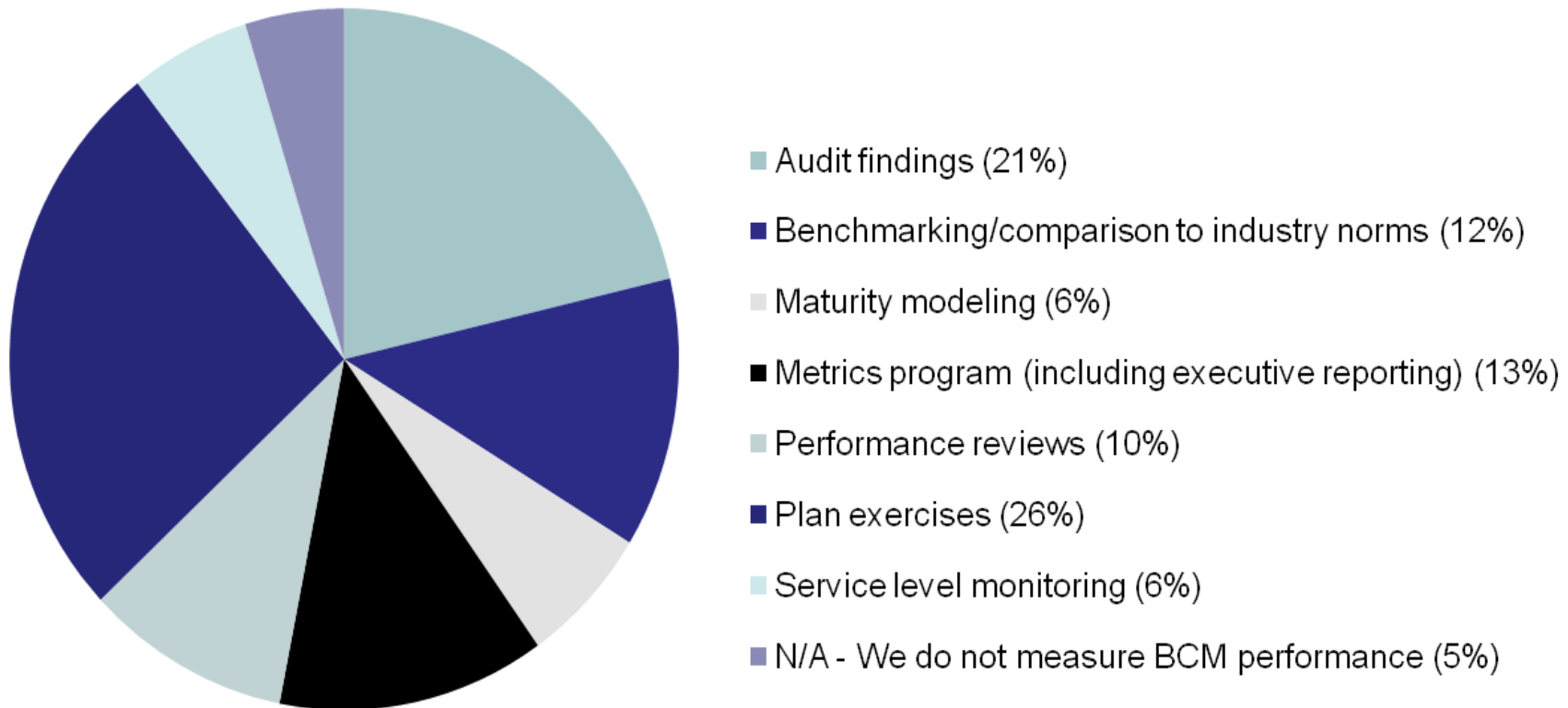
- BIA Complete / Up-to-Date
- Risk Assessment Complete / Up-to-Date / Aligned
- Strategies Fully Planned and Coordinated:
  - Alternate Work Locations Selected
  - Agreements in Place for Alternate Locations
  - Key Resources Purchased or Available
- Plan Documentation Complete / Up-to-Date (with all key, necessary elements)
- Awareness Program “Attendance” and Comprehension
- Exercise (Testing) Specific Criteria
  - Objectives Set
  - Exercises Performed
  - Exercise Participation
  - Results Documented
  - RTO’s Met
- Waivers and Their Associated Risk
- Steering Committee Attendance

# Recent Survey Results

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How do you measure the performance of your Business Continuity Management program?

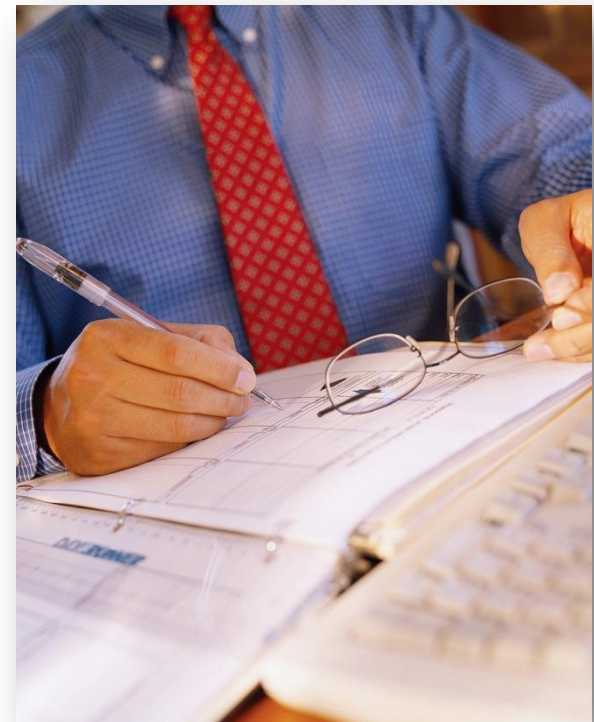


# How to Measure – Set Objectives

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- Develop a plan to measure your organization's level of readiness
  - How does the organization measure and manage risk?
  - What are the key elements of your business continuity program?
  - What information do you maintain today to assist in readily assessing the performance of the program?
  - What information don't you have that you wish you do?





# How to Measure

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- Exercises / Testing
- Quality Assurance Processes and Scorecards
- Automated Measuring and Reporting
- Benchmarking and Reporting
- Self-Assessment and “Maturity Modeling”
- Internal Audit and other Program Assessments

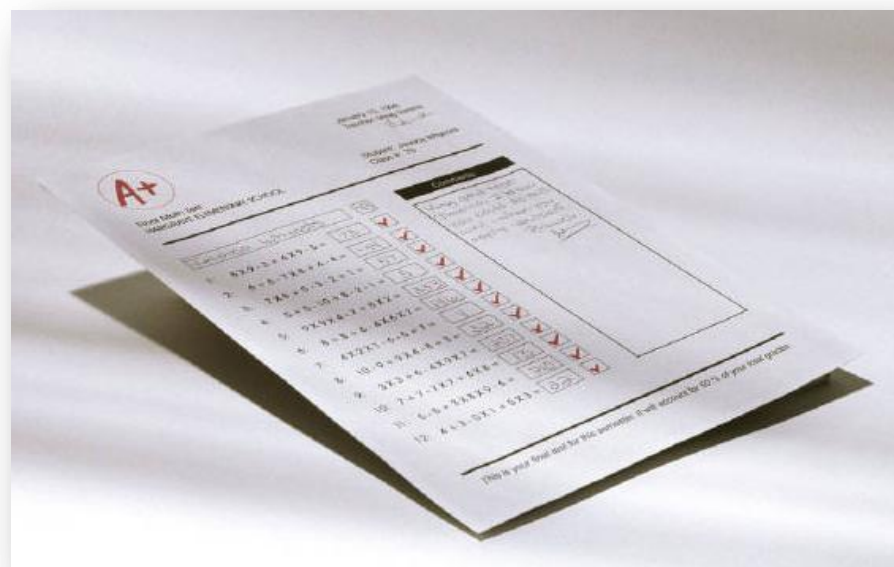
**Be Objective, Not Subjective**



# How to Measure - Scorecards

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- Identify Program Categories and Attributes
- Define Objective Attributes
- Weight Program Attributes Relative to One Another
- Assess and Score
- Identify Thresholds – “Red/Yellow/Green”
- Post Results / Communicate to Management



# How to Measure - Scorecards



Title *	Business Unit Assessment
Q1:	No Are critical business functions and IT assets identified and approved by executive management?
Q2:	No Does the business continuity management policy define requirements for the management of availability risk associated with outsourced activities and key suppliers?
Q3:	No Has one or more individuals been formally assigned BCM responsibility by management?
Q4:	No "Has a BIA been conducted which considers the following: - Impact on staff and public well being - Impact of lost property, technology or information - Damage to reputation - Damage to financial viability - Deterioration of product or service quality - Environmental damage"
Q5:	No Are critical business functions and IT applications identified in the BIA?
Q6:	No Are recovery objectives established for critical business functions and IT applications?
Q7:	No Were criticality ratings and recovery objectives updated in the last 12 months?
Q8:	No Has the BIA been approved by senior management?
Q9:	No Have risk acceptance criteria and acceptable risk levels been established?

Capture  
Comments  
Too!

# How to Measure - Scorecards

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# How to Measure - Scorecards

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**Embarrassment!**

**Hmmmm**

**Whew...**

# How to Measure - Scorecards

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**Take Action Now!**

**Tweak**

**Stay The Course**

# How to Measure - Scorecards



**QA Key Performance Indicators**

Show Only Problems

Indicator	Goal	Value	Status
BCM Policy and Program Management	9	11.62	●
Understanding the Organization	20	11.62	◆
Determine Strategy	10	4.75	◆
Implementing a Response	55	36.75	◆
Exercising	18	7.25	◆
IT Disaster Recovery	20	19	▲
IT DR Exercising	18	17.38	▲
Supply Chain Continuity	6	3.12	▲
Embed BCM into the Culture	3	1.12	▲
Overall BCM Readiness	130	110.5	▲

**Automated, Independent and  
Self-Assessment**

# Better Yet...

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- Link business continuity measurement results to organization strategy elements and key performance indicators
- Answer the question: “How will failure to do X impact our organization’s strategy or performance?”

# Better Yet...

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## Business Strategy to Business Continuity Linkage

Increase market share by 5%  
over the next 24 months



Metrics regarding testing/exercises and  
employee awareness

Customer satisfaction ratings  
of 7.8 or higher



Metrics regarding updated BIAs and  
selection of alternate workspace

Decrease supply chain costs  
by 7% over 18 months



Metrics regarding single and sole source  
providers and BC readiness scores

**Create Confidence –  
Influence Decision-making**

# How to Measure - Models



Phase	Description	Availability Risk
Defining	Organizations new to business continuity create program structures and identify response and recovery objectives.	High
Refining	Often the longest phase in duration, organizations work to gradually increase capabilities and meet recovery objectives through repeatable processes.	Moderate to Low (decreasing)
Measuring	Methods to measure recoverability and efficiency are defined and introduced, and management acts on feedback to improve effectiveness.	Lower
Managing	Continuously integrating business continuity into the design of business and technology strategy, and well as with other risk management disciplines.	Low

# What to Do with Measurement Results?

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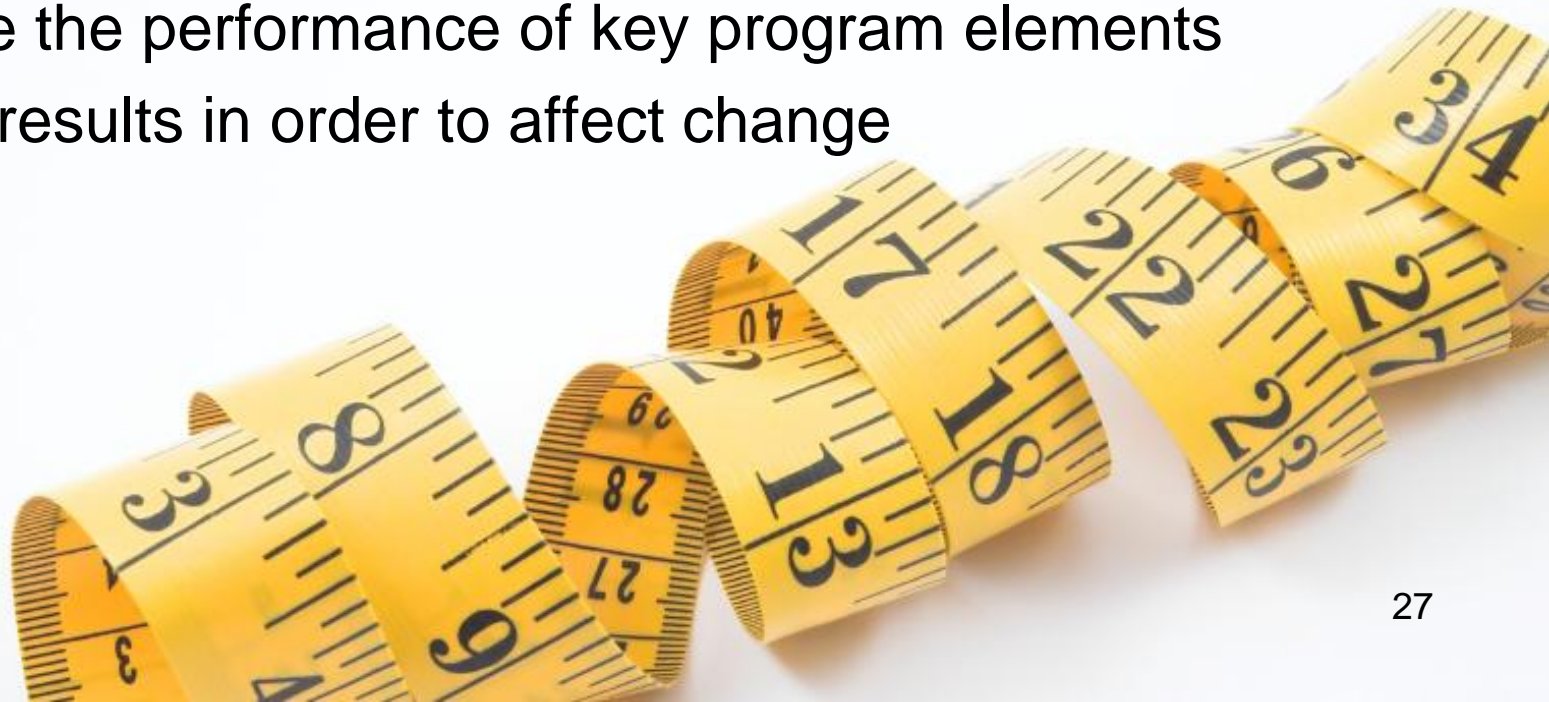
- Measuring readiness is OK, doing something with it is the important action!
  - Strategic Risk Management Planning – Process Improvement
  - Executive Management Reporting – Influence Priorities
  - Dashboards – Influence Strategic and Tactical Readiness
  - Personal Performance Measures – Influence Compensation

# Conclusions

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- Measurement is emerging as a key/necessary element of a business continuity program
- Policies/standards must be in place before repeatability and readiness can be measured completely and effectively
- Measure the performance of key program elements
- Publish results in order to affect change





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# Questions and Discussion



# Contact Information

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# Presentation Abstract

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As business continuity professionals, we are often asked by executive managers to quantify or describe the organization's business continuity readiness. This presentation will present real-world methods to measure (or estimate) readiness in a way that executive managers, auditors and regulators understand. In addition to measuring and communicating readiness to executive management, many of the techniques discussed can be used to perform self-assessments and therefore mature many aspects of the business continuity lifecycle.