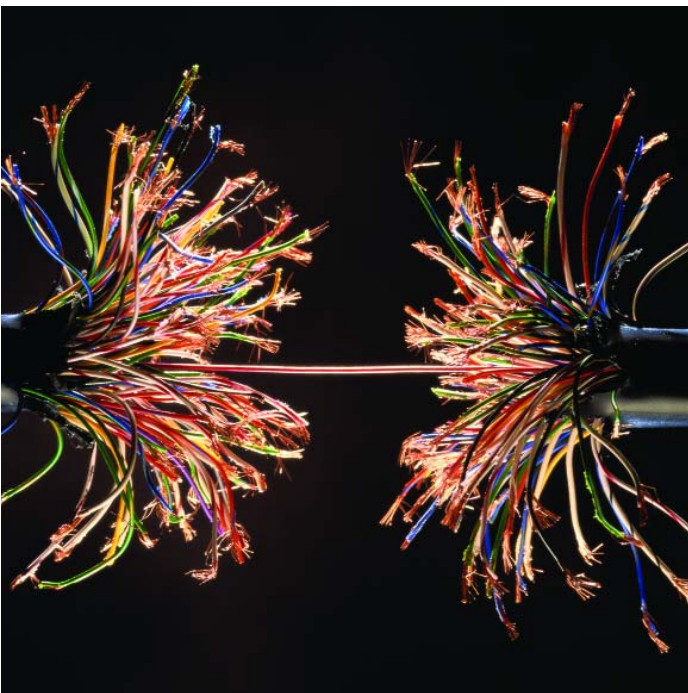


# PAS 56 guide to business continuity management



## Summary

PAS 56 was published in 2003 by the British Standards Institution and will be the UK's first publicly recognised standard for business continuity management. By following it, clients can be assured of meeting best practice in the field, which will be likely to deliver a number of business benefits.

In this Adviser, we introduce PAS 56 and answer some of the questions clients might have about the standard.

### What is PAS 56?

Publicly Available Specification, PAS 56, is an 'informal standard' that was published by the British Standards Institution in 2003. The intention of PAS 56 is to be used by organisations to improve their performance in business continuity management (BCM), whether starting out for the first time or refining their existing plans next to best practice. The document itself is comprehensive, outlining the best practice arguments for BCM, a process for managing a BCM programme, and containing a glossary of terms and evaluation criteria.

### What are the main recommendations made in PAS 56?

PAS 56 makes a number of initial recommendations about what is needed for BCM to be effective in an organisation. These recommendations include that BCM should:

- be a business-as-usual process driven from the top of the organisation
- be fully endorsed and actively promoted by the board or the executive committee

- have a member of the board or executive committee assigned overall accountability for the effectiveness of the organisation's BCM competence and capability
- be managed at both operational and organisational levels.

The standard also identifies that BCM should directly support the business strategy and be designed to protect and optimise product and service availability.

The core part of PAS 56 is built around the 'BCM lifecycle', a continuous cyclical process intended to underpin the business continuity activity of any organisation (see box panel 1). Through every stage of this cycle, the standard outlines a general definition for each of its component parts, the purpose of that exercise and the outcomes an organisation should expect from that stage of the process.



### Who prepared PAS 56? Is it going to be a British Standard?

PAS 56 was developed through the British Standards Institution (BSI) in consultation with the Business Continuity Institute (BCI), Corporate of London, Office of Government Commerce and a small team of commercial suppliers, including Marsh, acknowledged for their expertise and experience in BCM.

It is expected that PAS 56 will become a British Standard later in 2004, with the BSI having gone on record as advocating this move. If this does happen, then PAS 56 will be withdrawn on the publication of the formal standard. If it does not, then it will be reviewed at an interval not exceeding two years, with any amendments published as a new PAS and publicised in the BSI publication Updated Standards.

#### Box panel 1: A snapshot of PAS 56 – The BCM lifecycle

According to PAS 56, the BCM lifecycle is designed to be a continuous process whereby organisations are continually refining their plans, processes and contingency arrangements as their mission critical activities change.



PAS 56 provides information on the component parts of every stage of the lifecycle, comprising:

#### Understanding your business

- business impact analysis
- risk assessment.

#### BCM strategies

- organisational BCM strategy
- process level (systemic) BCM strategy
- resource recovery BCM strategy.

#### Developing and implementing BCM plans

- business continuity plan
- resource recovery and solutions plan
- crisis management plan.

#### Building and embedding a BCM culture

- awareness, training and culture.

#### BCM exercising, maintenance and audit

### Is PAS 56 likely to change very much in becoming a British Standard?

It is widely believed that PAS 56 will change very little in its progress towards formal adoption. With the guiding principles likely to remain the same, any 'early adopters' would be stealing a competitive march.

### Is PAS 56 mandatory?

PAS 56 is not currently mandatory but is considered to be the single recognised benchmark in the UK against which business continuity best practice can be evaluated. Those organisations choosing to ensure that their business continuity meets its recommendations will create competitive advantage against other organisations in their sector who do not. As PAS 56 becomes increasingly accepted as a quality control of best practice BCM, the benefits from this advantage are likely to accelerate.

### How does PAS 56 differ from the BCI Good Practice Guidelines or AIRMIC guidance on risk management?

PAS 56 is based upon the BCI's Business Continuity Management: Good Practice Guidelines, 2002. The Institute themselves were an active consultant in the development of the standard. While AIRMIC's Risk Management Standard is more concerned with the broader risk management strategy, the guiding principles reflect those in PAS 56.

#### Box panel 2: Support for PAS 56 from AIRMIC

AIRMIC (the Association of Insurance and Risk Managers) has given its support to PAS 56.

In its December 2003 press release 'AIRMIC urges adoption of new business continuity standard' Nick Chown of AIRMIC stated, 'PAS 56 is an important step forward, and creates a recognised framework where none previously existed.'

Mr Chown added that several insurers were likely to ask commercial clients whether they are PAS 56-compliant when renewing policies.

### How widely is PAS 56 being adopted?

The BSI reports a high take-up from companies looking for guidance on setting up and getting the optimum use out of their business continuity plan. Moreover, institutional stakeholders, such as investors and insurers, are already specifying that they will look for their clients to be able to demonstrate that their business continuity management meets the criteria set out by PAS 56. Early evidence from the insurance market suggests that those companies that can demonstrate this are likely to receive preferential terms when renewing their Business Interruption Insurance cover.

### **How is PAS 56 compliance audited and monitored?**

In its Annexes, PAS 56 contains a comprehensive set of questions against which organisations can evaluate how closely their organisation is meeting the key recommendations. These questions are also available in a Marsh high-level questionnaire, enabling owners of the PAS to further analyse their level of consistency.

However, the questions themselves do not represent a quality assurance audit. These will require the assistance of a professional BCM practitioner (likely to be a member of the Business Continuity Institute) and may involve additional review, verification and validation.

### **What is 'BCM assurance' as referenced in PAS 56?**

Some clients may not be familiar with the term 'BCM assurance'. In PAS 56 it refers to the efficient monitoring of the entire organisation's BCM policy, principles and programme. This should deliver a list of performance metrics for BCM, a method for monitoring the programme and a level of assurance to the board (linking in to corporate governance) that the overall programme is effective and efficient.

### **My organisation has been practising BCM for several years. Does the advent of PAS 56 mean we need to start again?**

If your organisation has been developing and implementing sound BCM practice, which accounts for all mission critical activity, is owned by the board and adapts with changing business circumstances, then PAS 56 is likely to be more of a useful assurance and audit document than a reason to start again. Different elements of a BCM programme can be refined and improved to add value, and areas that are often more overlooked, such as crisis management, awareness and training can be implemented. Importantly, if your organisation has been practising BCM for some time, aligning it with PAS 56 and formally auditing it against this standard should enable it to start seeing an immediate return through its competitive advantage.

### **Will my organisation be penalised for not following PAS 56?**

Not all industry sectors are currently obliged to have a business continuity programme. However, demonstrating PAS 56 adherence is likely to deliver a competitive advantage with customers, supply chain and investors, and organisations that can demonstrate PAS 56 compliant BCM will probably be viewed by underwriters as a better risk than similar companies without that level of assurance. This may well be reflected in Business Interruption Insurance terms. Above all, organisations with PAS 56 compliant BCM will stand the greatest chance of surviving a business interruption with the minimum impact on their mission critical activities.

### **Is PAS 56 scaleable?**

Yes. PAS 56 explicitly makes the point that every organisation, service and industry should ensure that their BCM competence and capability meet the scale and nature of their business, as well as the culture in which it operates. Not all organisations are large and complex, and therefore the level of investment and sophistication in BCM should not, in itself, be a yardstick for quality. Programmes should be 'fit for purpose'. This makes PAS 56 very flexible to all organisations' needs.

### **How frequently should my organisation monitor/measure its BCM against PAS 56?**

PAS 56 recommends that a formal review of a BCM programme should be carried out at a minimum of every 12 months, unless there are major business changes. These changes, that should necessitate a more prompt review, might include a redefinition of business strategy or objectives, relocation, large scale change in staff numbers or offices and changes to key suppliers.

### **Should my organisation get external support when auditing its PAS 56 compliance?**

As with any audit, engaging third party assistance will enable your organisation to get a fresh and specialist perspective, often benchmarked against best practice from other organisations practising BCM. If your organisation wants a formal BCM quality assurance audit it will need to enlist the support of a professional BCM practitioner.

### **What benefits would my organisation see from following PAS 56's best practice?**

Other than those already detailed – investor and customer assurance, possible insurer differentiation and proof of more effective plans – organisations whose BCM meets PAS 56 will have more consistent plans that can be compared and contrasted with similar businesses or across operating companies. One common set of terms and working principles is actually likely to save organisations money on their long-term investment in BCM.

### **Does the business continuity advice offered by Marsh consultants meet PAS 56 requirements?**

Yes. Marsh was selected to contribute directly to PAS 56. We have developed a BCM Assurance Audit where clients can get a fast and efficient audit of their BCM next to best practice, and are offering training of the fundamental principles of the standard. We are also in dialogue with a number of insurers to negotiate favourable terms for clients that can demonstrate adherence to PAS 56.

### **How can my organisation get hold of a copy of PAS 56?**

Copies are priced at £56 and can be obtained direct from the BSI on +44 (0) 20 8996 9001.

For further advice and assistance on this issue please contact your usual Marsh representative.



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