

## The critical role of Business Impact Analysis in times of crisis

The Business Impact Analysis (BIA) is an indispensable step in developing a relevant and effective Business Continuity Plan (BCP). It is defined as the process of determining and evaluating the effect of interruptions to critical business operations or processes so its value, especially in times of crisis as the present ones, is considered critical. Every BCP, regardless of size, must frequently perform a BIA on the organization to ensure that all critical parts of the business are covered by the existing BCP.

But even before a BCP is designed, it is of crucial importance to understand what are the business functions that need to be recovered, and the time limit of recovery. Organizations with numerous resource constraints, especially under crisis, have to be able to prioritize their recovery and focus on business functions that impact the organization most, in case they are disrupted. The main challenges include determining the revenue impact of a business function and quantifying the long-term impact of losses in market share, business image or customers. Examples of impacts to be considered include postponed sales or income, increased labor expenses, regulatory fines, contractual penalties, and customer dissatisfaction.

In other words, what is needed is to identify those business functions that are time-sensitive and must be resumed very quickly before too much damage is done. These are the business functions the company must focus on when developing a Business Continuity Plan. They are called "Critical Business Functions" or CBFs. A BIA is the process engaged to identify these CBFs and associated recovery requirements.

The main features of a BIA are the following:

- ✓ List of all business functions in an organization;
- ✓ Impacts of a disruption;
- ✓ Impacts of a disruption over time;
- ✓ Maximum time for business functions to recover before severe consequences occur;
- ✓ Operational dependency on other business functions and external agencies;
- ✓ Information technology (IT) and operational technology (OT) systems used;
- ✓ Maximum acceptable data loss- important documents and records.

After gathering and evaluating all the above required information, the next step includes the preparation of an integrated BIA report to document the findings. This report typically includes an executive summary, information on the methodology for data gathering and analysis, detailed findings on the various business units and functional areas, charts, and diagrams to illustrate potential losses, and recommendations for recovery. The report prioritizes the CBFs, examines the impact of business interruptions, specifies legal and regulatory requirements, details acceptable levels of downtime and losses, and lists the Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs). The report may list the order of activities necessary to restore the business.

When the BIA report is completed, the final step is presenting the results to senior management for approval. Senior management reviews the report to devise a BCP and disaster recovery strategy that takes into account maximum permissible downtime for CBFs and acceptable losses in areas such as data, finance and reputation.

In conclusion, a Business Impact Analysis, properly done, and regularly reviewed, is an essential part of a BCP, ensuring that critical parts of an organization are included in the BCP process, and given appropriate recovery priority in the event of a disaster.