

## STEP 2: ASSESS THE RISKS

Before proceeding to this stage, ensure a senior member of staff/ board member agrees with the business impact analysis. This stage should involve a senior member of staff and co-ordinators.

### Risk assessment identifies:

Internal and external threats, liabilities and exposure, including risk concentrations, that could cause the disruption, interruption of loss to an organisation's mission critical activities.

The likelihood of an incident occurring: is there a concentration of risk in a particular area/task?

How vulnerable an organisation is to the various types of incident.

A basis to establish a risk appetite and risk management control programme and action plan.

For the purposes of risk assessment, it is also important to look at:

Worst case scenarios

What functions and people are essential and when

### a) Internal and external threats

Grading is from 1-5 (1 being the least prepared/likely, 5 being the most prepared/likely).

Are you Prepared Grade 1-5		Likelihood of event Grade 1-5
	Will your plan work if the power fails?	
	Will it work when there is a fire?	
	Will it work if you cannot gain access to the premises?	
	What if your customers/ suppliers cannot contact you?	
	What if your suppliers cannot get to you due to floods/ cordons?	
	What if your suppliers cannot get to you due to their problem - do you have alternative suppliers as a back up?	
	What if your customers cannot pay you?	
	What if your employees cannot get to work for a few days in a row?	
	Does your plan cover criminal damage? Are you insured?	

### b) Risk concentration scenarios

Examples of risk concentration scenarios:	Yes/No	If yes, preventative action:
Do you have a lot of expensive equipment in one room?		Extra security
Do you have a lot of crucial machinery in one area of the building?		Extra safety devices/ alarms

- c) **How vulnerable is your organisation to the various types of incident. Examples of possibilities to think about in terms of how different elements of your business will be affected in case an incident occurs**

<b>How will your customers be affected?</b>	
If there are delays in delivering the goods/services?	
If you cannot contact them? Will they switch over to your competitors?	
If it's a company-related incident, will this damage your reputation? Do you have a planned PR response?	
Have you reassured them that you have a business continuity plan in place? Is your PR department aware of its content?	

<b>How will other stakeholders be affected?</b>	
Staff - have you assured them that you have a business continuity plan in place and that their jobs will be secure in case of an incident?	
Are your staff aware of the role they have to play in case of an incident?	
Suppliers - have you assured them that you have a business continuity plan in place and that you will be able to pay them on time in case an incident occurs?	
Shareholders?	
Local community?	
Business neighbours?	

<b>If you share your premises with other companies in the building:</b>	
Have you thought about working with your neighbours to create a joint business continuity plan?	
What's the nature of their business?	
What will happen if you are denied access to the building due to another company's accident?	
Can you do anything to mitigate the risk from another's business?	
Does your landlord have a BCP?	
Is your landlord complying with their responsibilities under law?	

<b>How will your financial systems be affected?</b>	
Do you have financial company details off-site? Back ups of recent transactions?	
Do you have an extra copy of your chequebook?	
Will you be able to pay your staff/ suppliers?	

<b>Other issues to consider</b>	
Will you be able to get hold of your vital papers - do you have copy details of your insurance cover off-site?	
Do you keep staff trees/ lists off- site?	

**d) How risk averse are you?**

- Establish how long your business can bear functioning at reduced capacity and what level that is.
- What needs to be done to make sure it can function at minimum capacity?
- Define your risk strategy.

Remember that you can't prepare yourself against all types of incidents, however much you spend, but here is a selection of approaches you could take:

- Accept the risks - change nothing, e.g. close the office/ plant down for while and have a disaster recovery plan in place to sweep up the damage and get your business fully operational after some time has passed after an incident.
- Accept the risks, but make a mutual arrangement with another business or a business continuity supplier to ensure that you have help after an incident. This business could be a competitor, but it is common that for business continuity purposes they become a 'buddy'.
- Attempt to reduce the risks, e.g. by for instance changing or ending 'risky' processes or by taking out insurance. Although do note that insurance provides financial recompense and support in the event of loss, but does not provide protection for brand and reputation.
- Attempt to reduce the risks and make arrangements for help after an incident
- Reduce all risks to the point where you should not need outside help, e.g. through implementing broad continuity management principles in case of an incident.

**e) What is the worst that could happen?**

What are the worst things for your organisation would be and how likely they are to happen? If you are prepared for the worst, then you can deal with incidents of lesser scale. This will also help you put in perspective how to insure your business, how to develop your contingency plans and how to put preventative measures in place.

<b>Consider:</b>	<b>Answer:</b>
What is the likelihood of this happening?	
Does your plan cope with it?	
What can you do to prevent it?	
How much can you afford to lose if unable to run your business for days/ weeks/months?	

**f) What functions and people are essential, and when.**

Consider which departments, divisions and members of staff are essential to running the business. Experienced and multi-skilled members of staff can be a vital resource, are you aware of everyone's skills, experience and knowledge?

What functions need to be covered during an emergency and thereafter? Are there any time sensitive operations or specialist procedures that need to be performed? Ensure that you consult with department heads and at 'ground level' to get a comprehensive analysis.