

Business Continuity Risk Management for an Economic Downturn

The current economy is impacting global businesses in numerous ways. Organizations have been forced to adjust their business model and operating costs by reducing workforce, downsizing production, seeking cost savings opportunities, and developing business contingency plans for changing economic conditions.

When this crisis began, many companies quickly focused on cost containment without regard for the long-term consequences; it was a matter of survival. As the downturn continues, companies are now focused on managing emerging risks that could have an impact on long-term sustainability. Companies are realizing that certain risks remain or have been intensified by their actions and mitigation or contingency plans need to be developed for their ongoing survival.

To help companies meet their business objectives and remain resilient, Marsh Risk Consulting's (MRC's) Business Continuity Risk Management (BCRM) Practice offers solutions designed to develop a business continuity risk management structure that assesses emerging risks, evaluates impacts and cost efficiencies, develops mitigation plans, and provides a sustainable but flexible approach to uncertain economic times.

Challenges Facing Business Today

Unsettled economic conditions can cause numerous business continuity challenges. An organization must review and understand the following before making key strategic and operational decisions.

- What level of risk should the organization accept and have emerging risk areas created the need for business continuity plans?
- Can development of a business continuity plan decrease the total cost of risk through reduction of insurance premiums?
- Given the impact of the economy on revenues, does the organization need to revise risk tolerances and mitigation expenditures?
- Has an assessment of risk management expenditures been conducted to ensure proper allocation for emerging risks?
- Are the necessary resources available and deployed on the key activities needed to remain competitive and successful?
- Are business continuity plans required by regulations, customers, and stakeholders being maintained?
- If cost containment methods have been deployed that increase risk, should an offsetting business continuity plan be developed?

Who it's for

- Any organization concerned with preparing for, managing through, and responding/reacting to the impacts of the economic downturn
- Organizations needing cost containment methods, structure, and tools
- Organizations needing to reevaluate current risks and tolerances in relation to mitigation costs
- Organizations that have increased their risks by performing cost containment initiatives
- Any organizations concerned with third party viability
- Organizations supplementing or needing professional assistance on risk management issues

What you get

- A global team of business continuity experts that utilizes proven tools and methodology to support economic downturn strategies
- A risk optimized implementation roadmap for a business continuity risk management structure that addresses workforce/property containment strategies, third party viability, insurance assessment, cost containment structure, supply chain failures, communication protocol and governance structure
- New or supplemental business continuity plans focused on economic downturn resilience
- Economic risk management steering committee for cost containment and a dedicated business continuity risk advisor
- Role playing and training in relation to economic decision making
- Scorecards to assess performance

- Are business continuity plans in place to prevent or respond to a plant closure or quickly respond to internal business changes that are needed to respond to an economic downturn?
- What is the financial viability of key third parties? What are the preventive actions or contingency plans that can be initiated from a failure?

Business Continuity Risk Management Solutions

Marsh's global team of business continuity experts can help organizations develop a risk management framework to better weather the economic downturn. Leveraging our proven tools and methodology, we support clients by:

- evaluating key processes and identifying essential personnel and resources required to continue revenue streams;
- designing and implementing risk-optimized cost containment strategies;
- providing tools for ongoing strategic business continuity decision making;
- building upon existing business continuity program to provide a framework for management of an economic downturn; and
- evaluating potential insurance cost savings by implementing business continuity planning.

Business Continuity Risk Optimization Health Check

Marsh will analyze current risks, financial strength, business continuity, third party operational and financial viability, cost containment/profit management programs, human capital/property containment strategies, and communication protocols. The end result will be a risk-optimized roadmap for business continuity upon which the organization can base its risk management decisions.

Business Impact Analysis

A business impact analysis (BIA) helps firms focus on new and emerging risks, the impacts on business continuity, and the key processes critical for profit maximization. Our experts will evaluate the key processes within each revenue-generating business function to: assign a quantitative value of contribution; identify workaround procedures, interdependencies, and impact tolerances; seek process efficiency opportunities; determine a baseline of critical resources needed to support key processes; and identify new areas that may require business continuity plans.

Risk Management Structure for Business Continuity

Marsh can help clients to develop an economic risk management steering committee within the organization, serve as a risk advisor, and develop key tasks that need to be performed before, during, or after an event to increase the probability for business continuity. Marsh will also develop a scorecard program so an organization can monitor its success through health checks and benchmarking activities.

Business Continuity Plan Development

Contingency plans for key manufacturing or office site closures, employee layoffs, contract/third party failures, and supply chain interruptions are critical for an organization's survival. Executives and teams need to understand the workarounds required to recover processes and resources, minimize costs, and coordinate third party interruptions. Marsh can help organizations to develop entirely new or supplemental business continuity plans to support business sustainability plans.

Role Playing on Economic Decision Making

With the economic downturn come new risks such as the potential for workplace violence stemming from employee layoffs or plant closures. The downturn could also lead to a failure of a third party that was previously not considered probable. To better prepare executives, management, and employees for such incidents, Marsh offers scenario-based group exercises to educate team members on possible actions and outcomes as well as to identify gaps in current plans.

Third Party Evaluation Services

In today's business environment where the viability of a key third party product or service provider is uncertain, companies need to know their own and their vendors' exposures. Marsh can provide a complete review of third party financial health and third party ability to respond to a business continuity issue.

Business Continuity Support Services

Marsh's team can perform in-house functions, supplement current program resources, or provide support on an interim basis while an organization seeks an in-house business continuity program manager. This economical approach to providing business continuity resources allows flexibility in approaching related compliance issues, whether regulatory or key customer driven, and leverages Marsh's global business continuity consultants in a cost-effective way to create, enhance, or maintain a business continuity program.

Our Approach



For Further Information

If you would like to learn more about our Business Continuity Risk Management Services, please contact your local Marsh representative.

You can also reach us on the Web at www.marshriskconsulting.com, by phone at 866 9AtRisk (928-7475), or by e-mail at At.Risk@marsh.com.

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