What is a __Business Impact Analysis (BIA)__:
An Essential Guide for Organisations

A Business Impact Analysis (BIA) is a systematic process used to identify and evaluate the potential effects of disruptions to critical business operations. It helps organisations understand which processes, systems and resources are essential for maintaining operations, and what the consequences would be if those processes were interrupted.

The BIA forms the foundations for effective Business Continuity Planning (BCP) by prioritising recovery efforts based on business needs

Why is a BIA Important

- It identifies critical processes and resources
- Helps determine Recovery Time Objectives (RTO) – how quickly operations must be restored
- Defines Recovery Point Objectives (RPO) – acceptable data loss thresholds
- Assesses the financial, operational, reputational and legal impacts of disruptions
- Informs business continuity and disaster recover strategies

How to Approach a Business Impact Analysis

1. **Define Scope and Objectives**
   - o Identify which parts of the organisation the BIA will cover
   - o Determine objectives (e.g. prioritise processes, guide resource allocation)

2. **Identify Critical Business Functions**
   - o List key processes, services and activities essential for operations
   - o Involve all relevant departments to ensure nothing is overlooked. For example:
     - Order processing
     - Customer support
     - IT systems and applications
     - Supply chain operations
     - Financial transactions
     - Staffing
     - Business critical equipment

3. **Collect Information**
   - o Use methods like:
     - Structured discussions with process owners
     - Questionnaires or surveys
     - Workshops for brainstorming sessions
     - Review of process documentation and workflows
   - o Gather details such as:
     - Process description
     - Dependencies (people, systems, suppliers)
     - Peak operating periods
     - Regulatory requirements

4. **Assess the Impact of Disruptions**
   - o For each critical process, evaluate the potential impacts of downtime, such as:
     - Financial Loss: revenue loss, penalties or fines

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- Operational Impact: Inability to deliver products / services
- Reputational Damage: Loss of customer trust or market share
- Legal / Regulatory Impact: Compliance failures or legal consequences

5. **Determine Recovery Objectives**
    - Recovery Time Objective (RTO): Maximum acceptable time a process can be down
    - Recovery Point Objective (RPO): Maximum acceptable data loss in terms of time
    - Example:
        - Order processing RTO = four hours
        - RPO = 15 minutes of data loss acceptable

6. **Prioritise Business Functions**
    - Based on the impacts and recovery objectives, rank processes in order of criticality. This helps allocate resources effectively during disruption

7. **Document and Report Findings**
    - Prepare a clear BIA report summarising:
        - Critical processes
        - Impact assessments
        - RTO and RPO for each process
        - Dependencies and resource requirements
        - Recommendations for continuity planning

8. **Review and Update Regularly**
    - Revisit the BIA periodically (at least annually)
    - Update after organisational changes, new systems, or major incidents

Conclusion

A well-executed BIA gives organisations a data driven understanding of what needs to protected and recovered first in the event of a disruption. It is an essential first step for building a realistic and effective Business Continuity Plan

Define Scope and Objectives
↓
Identify Critical Business Functions
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Collect Information
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Assess the Impact of Disruptions
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Determine Recovery Objectives
↓
Prioritise Business Functions

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