



OSMEP



THE JTI FOUNDATION

Training of Trainers

Certificate Program on Business Continuity Planning (BCP) for SMEs

2.1 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

By Mr. Takahiro Ono

19 February 2014

The Sukosol Hotel

Bangkok, Thailand



 Mitsubishi Corporation Insurance Co., Ltd.



Module 1: BCP Framework

Part 1.1: Importance of BCP

Part 1.2: BCP Framework

Module 2: Risk Identification

Part 2.1: Prioritized Activities and Recovery Time Objective

Part 2.2: Necessary Resources for Recovery

Part 2.3: Business Risk Assessment

Module 3: Business Resumption Strategies

Part 3.1: Pre-disaster preparedness and mitigation for SMEs

Part 3.2: Immediate Survival from Disruption

Part 3.3: Business Continuity Strategies

Module 4: PDCA (Plan-Do-Check-Act) Cycle

Part 4.1: PDCA Exercise

Part 4.2: BCP Review (Management Review)

Module 2: Risk Identification

- ❑ Identify the Prioritized Activities (PAs) of your company.
- ❑ Identify the impact (timeline) of total disruption to the PAs.
 - Assessing how soon would the total disruption of these activities become unacceptable to your company. (The period is called Maximum Tolerable Period of Disruption / MTPD).
 - Identify the Recovery Time Objective (RTO) of the PAs of your company.
- ❑ What resources are necessary to keep those PAs operating?
 - These steps are called **Business Impact Analysis (BIA)**.
- ❑ Identify risks, such as natural disasters or accidents, which most likely to seriously damage the company's assets, businesses, and supporting resources.
 - This step is called **Risk Assessment (RA)**.

Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

- ❑ In Step 2, to consider
 - What is your company's lifeline product or service?
 - Which product or service should be recovered first?
 - Which business activity makes a top selling product?
 - Which shop sells most in your company?
- ❑ Those critically important business activities are called **Prioritized Activities (PAs)**.



Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

- ❑ Enter your company's business activities (product/service lines) in the left column of Form 2-1.

You will compare the importance of the activities listed. The level of importance of each business activity (product/service line) should be rated using two criteria: external and internal impacts.

Form 2-1 Impact Level Comparison Chart

Departments Handling Each Product/Service	Impact Levels	
	External Impact	Internal Impact
Product / Service A	L : M : S	L : M : S
Product / Service B	L : M : S	L : M : S
Product / Service C	L : M : S	L : M : S
Product / Service D	L : M : S	L : M : S
Product / Service E	L : M : S	L : M : S

Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

- First rate the external impacts, those which might affect customers, users, and society at large.
- How seriously might your customers, users, the environment, or society at large be impacted if your product or service were to stop being delivered?
- How long will your customers willingly wait for you to resume operations?
- How soon might your key customers switch to another provider?
- If you deliver certain types of products, such as medical supplies, the disruption of such deliveries could threaten the lives of end users.

Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

- Internal impacts should be reviewed based on various criteria such as financial status ,operational problems, and the reputation of the company.
- When the production line of product A is shut down, how serious of an impact will it have, over time, on the company's revenue?
- If your top brand service is suspended, what level of impact might it have on the company's cash flow?
- Rate the degree of impact as large (L), medium (M) or small (S).
- Compare and identify the PAs

Case

Department Handling Each Product/ Service	Impact Levels	
	External Impact	Internal Impact
Automobile parts	L : M : S	L : M : S
Electric appliance parts	L : M : S	L : M : S
Heavy electric equipment parts	L : M : S	L : M : S
Computer sever parts	L : M : S	L : M : S
Others	L : M : S	L : M : S

Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

Next, You should know the impact (timeline) of total disruption to the main activities listed.

- How soon would the total disruption of these activities become unacceptable to your company? (This period is **called Maximum Tolerable Period of Disruption / MTPD**).
 - This is the very latest time at which your company would have to resume the listed activities before reaching a worst-case scenario that would end in bankruptcy.
- Identify the Recovery Time Objective (RTO) of your company's Prioritized Activities from a company-wide perspective.
- The importance of this simple analysis is to focus only on the impacts of disruption, **setting aside risk factors**.



Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

- Enter the listed activities in Form 2-2.
 - Consider the MTPD for each activity listed and select one of the five columns showing periods of time.
 - If you have to restore delivery to a key customer within 2 weeks, write "2 weeks" in the rightmost column entitled Recovery Time Objective (RTO). Repeat this process for all listed activities.

Form 2-2 Maximum Tolerable Period of Disruption

Departments Handling Each Product/Service	Time When Impact Becomes Unacceptable MTPD					Recovery Time Objective (RTO)
Product / Service A	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	
Product / Service B	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	
Product / Service C	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	
	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	
	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	

Case

Departments Handling Each Product/Service	Time When Impact Becomes Unacceptable MTPD					Recovery Time Objective (RTO)
Automobile parts	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	2 weeks
Electric appliance parts	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	2 weeks
Heavy electric equipment parts	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	1 month
Computer sever parts	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	2 weeks
Others	~3 ds	~1 wk	~2 wks	~1 mo	~2 mos.	1-2 months

Step 2 Prioritized Activities (PAs) and Recovery Time Objective (RTO)

Form 2-3 Prioritized Activities and RTOs

Prioritized Activity(ies)	
Recovery Time Objective(s) (RTO)	

Prioritized Activity(ies)	Automobile and electric appliance parts
Recovery Time Objective(s) (RTO)	2 weeks



Any Question?

