



Media release

Contacts:

Jason Groves
020 7357 1455

jason.groves@marsh.com

Eileen Mercer
07990 802 830

eileen.mercer@marsh.com

European firms over-confident about business continuity plans

London, 15 June 2010 – New research published by Marsh reveals that many European firms appear to be over-confident in their ability to manage the business continuity and supply chain risks facing their organisations, leaving them highly vulnerable to physical disruption and economic conditions.

The research found that although 83% of respondents believed that business continuity management (BCM) was integral to their risk management and that it was understood and supported by senior management, only 41% said that it had given them a better understanding of their business. Moreover, just 29% felt that it had led to improved risk-intelligent decision-making.

The findings also highlighted that firms concentrate BCM plans on physical supply chain risks over non-damage related risks, such as those caused by the Icelandic volcano and air traffic disruption. In the manufacturing industry, 81% of respondents agreed that their BCM plan covered all their supply chain risks, whereas in financial services only 43% of respondents agreed.

“These results show that firms value BCM much more highly than when we last conducted this survey two years ago. However, our experience is that many organisations overrate their BCM capabilities and their perceptions often do not match reality,” explained Hugh Morris, Managing Consultant in Marsh Risk Consulting. “The more obvious nature of physical supply chain risks is apparent to manufacturing firms, while only the most advanced financial services firms realise how important and vulnerable their supply chain can be.

“Service firms can be equally, if not more, at risk from supply chain disruption than manufacturers due to the complex network of inter-dependencies with other financial institutions. As the recession reminded us all, the domino effect when these firms cannot supply each other with capital can have far-reaching and extremely damaging consequences,” Mr Morris added.

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Marsh's 2010 *Business Continuity Benchmark Report* examines the perceptions of business continuity management (BCM) of over 220 business continuity and risk managers from 11 industry sectors, including financial services and manufacturing, across Europe, the Middle East and Africa (EMEA).

To obtain a copy of the report please visit www.marshatairmic.com.

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