

BEFORE DISASTER STRIKES: DEVELOPING THE PLAN

The scenario of multiple disasters in Japan stands as a stark reminder that unexpected events can render a business inoperative and non-recoverable. Disasters can occur from natural causes, human error or criminal activity. Virtually every company has a genuine exposure to catastrophe.

To be prepared for such catastrophe, you must have *both* a business continuity plan and a disaster recovery strategy through which immediate, effective action can be taken should disaster strike. Whatever the threat to company assets, a current, detailed and flexible plan will help your organization survive.

DEFINITION

Business Continuity is the availability of key, critical resources within an organization that can be maintained at a level acceptable to senior management during a disaster. These key resources fall into five categories:

1. **PEOPLE** – Key executives, technicians, specialists, etc.
2. **INFORMATION TECHNOLOGY** – Includes hardware, software and telecommunications
3. **FACILITIES AND UTILITIES** – Support services
4. **MATERIALS, PRODUCTS AND COMPONENTS** – From suppliers or to customers
5. **COMPANY'S REPUTATION** – Public image, customer relations, shareholders' interests

THE GOALS OF A BUSINESS CONTINUITY PROGRAM

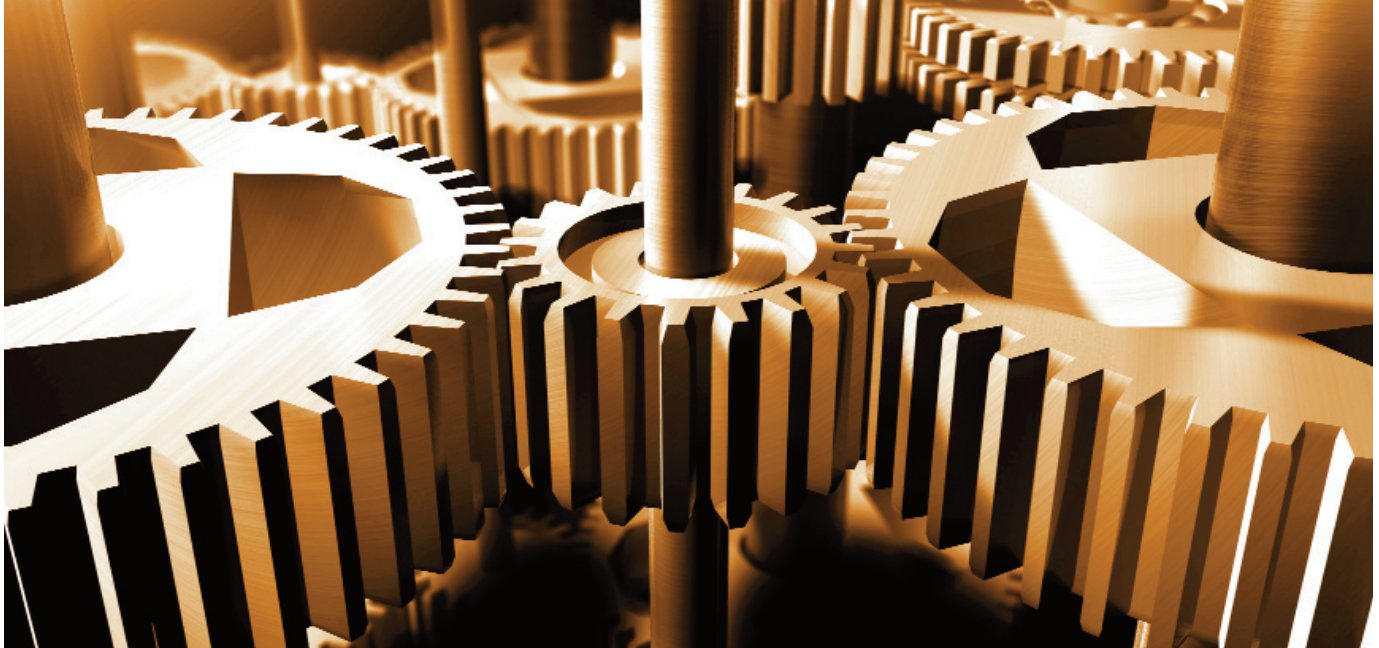
- Ensure the life/safety of employees
- Minimize the extent of disruption and damage and prevent its escalation



- Establish alternative means of operation
- Minimize the impact of economic losses
- Train and educate personnel and familiarize them with emergency operations and functions
- Provide for a smooth and rapid transition of services

THE REASONS FOR PROGRAM IMPLEMENTATION

1. No organization is independent in today's world. Within most organizations, all business processes are interdependent and complex; the loss of any one process can cause a chain reaction in others.
2. Organizations are running at such high output of products and services with a minimal number of personnel, that most any type of incident/threat can have significant, negative competitive consequences.



3. Due to the interdependencies and networking within most companies and their suppliers, adverse reactions to a loss at one location or department can quickly escalate with far more significant consequences for the overall enterprise.
4. The tendency for more streamlining in corporate operations has led to processes with limited-to-no back-up capabilities.

For publicly held companies, the Board of Directors is responsible for assessing significant risks to the organization and planning accordingly to mitigate these threats. A business continuity plan fulfills part of this responsibility.

PLAN IMPLEMENTATION GUIDELINES

The Disaster Recovery Institute International has prepared a document titled “Professional Practices for Business Continuity Practitioners.” The steps outlined in this publication provide an excellent framework for developing and implementing business continuity and disaster recovery plans. Below is a summary of this framework, upon which Willis’ Business Continuity Management program is based.

PROGRAM INITIATION AND MANAGEMENT

Establishes the need for a Business Continuity Plan, including management support at all levels of the organization. It is important to organize and manage the project to completion within agreed upon time and budget limits.

RISK EVALUATION AND CONTROL

This step determines the frequency and severity of natural, man-made and political perils that can affect the organization and its facilities. By identifying and quantifying these exposures, controls can be implemented to mitigate them as well as provide a cost-benefit analysis to justify investment in these controls.

BUSINESS IMPACT ANALYSIS

Determines a disaster’s impact by employing techniques that identify critical organizational/departmental functions. This helps establish recovery priorities, such as the number of personnel needed, the type of equipment needed and the organization’s interdependencies so recovery time objectives (how quickly functions need to be restored) can be set.

BUSINESS IMPACT ANALYSIS PROCESS

1. On-site review of various operations and their interdependency and development of total process flow chart
2. Identification of critical operations and components of each
3. Assignment of a risk factor or class to each event
4. Identification of most critical operations and events
5. Preparation of a written/formal plan to address post- loss and continued operation of critical processes
6. A test review of plant business continuity action for significant events identified
7. Development of recommendations for mitigation, additional procedures or insurance needs
8. Presentation of information in a formal report, including an executive summary

BUSINESS CONTINUITY STRATEGIES

Selects recovery operating strategies for business and information technologies. This includes such methods as use of a commercial hot site, duplication of key records, contractual agreements and off-site storage.

EMERGENCY RESPONSE AND OPERATIONS

Develops and implements procedures for establishing and managing the Emergency Operations Center, designating a person who is in charge and a framework for dealing with the overall management of the incident.

BUSINESS CONTINUITY PLANS

Designs, develops and implements the physical document formulated as a result of the risk evaluation and business continuity strategies that were developed/performed.

AWARENESS AND TRAINING PROGRAMS

Develops a program to create corporate awareness and enhance the skills required to develop, implement and maintain the plans.

BUSINESS CONTINUITY PLAN EXERCISE, AUDIT AND MAINTENANCE

Develops processes to test the plan and procedures to maintain plan currency to continue the organization's ability to respond to a disaster.

CRISIS COMMUNICATIONS

Develops best practices to handle the media during a crisis. Also, how to disseminate information to employees' families, key suppliers, customers and owners/stockholders during a crisis.

COORDINATION WITH EXTERNAL AGENCIES

Develops procedures for coordinating response, continuity and restoration activities with local authorities and in compliance with statutes and regulations.

CONCLUSION

A Business Continuity program has to be an advanced strategic plan integral to an organization's corporate culture. It must contribute to the bottom line by protecting share value and an organization's competitiveness. A Business Continuity program can do this by examining such important aspects as process availability, integrity, quality and the strength and depth of each process. It should look at the impact of these processes in the event of a catastrophe and just how things are going to continue to operate. The key is reviewing and improving the design and development of each process so that minor incidents, and possibly even major ones, can be eliminated and disruptions and/or breakdowns can be reduced or mitigated.

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