

# FALL WORLD 2009

## Developing the Recovery Strategy

### The Next Step

Tuesday Workshop Session 5

Sheraton Hotel and Marina  
San Diego, California

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**Barney F. Pelant & Associates, LLC**  
**B&**  
**PA**

#### ***About Barney Pelant, MBCP:***

Mr. Pelant is owner and director of Barney F. Pelant & Associates, LLC. His professional background includes more than 30 years focusing on Business Continuity Planning, disaster prevention and recovery. Mr. Pelant's technical experience ranges from the design and development of domestic and international business centers, to the development of contingency plans to ensure their ongoing viability.

His career in this field began in Chicago at Continental Bank in the early 70's. In 1984 he joined SunGard Recovery Services as a consultant, was appointed Director of Contingency Services (consulting services) and then Director of Consulting for Harris Devlin Associates. Leaving the SunGard family, he joined Ernst & Young as a Senior Manager to support their National Business Continuity Planning Program. Then in 1991, he launched his own practice dedicated to business continuity planning and development.

Barney has helped organizations in all industries and professions to develop and carry out Business Continuity Programs. Mr. Pelant has prepared and coordinated the successful exercise of recovery plans for Information Technology and corporate wide business functions. He is a frequent public speaker and provider of training seminars and workshops on business recovery planning and development.

He is a founding member and on the Board of Directors of the Canadian Centre for Emergency Preparedness. This organization's mandate is to help business, government and the private sector of Canada and the international arena prepare for, prevent, respond to and recovery from disasters.

Mr. Pelant is the past Executive Director, Chairman of the Certification Board and member of the Board of Directors of the DRI International. This is the international organization responsible for establishing the standards, providing education and certification of Business Continuity Professionals (CBCP).

Barney Pelant was born and grew up in Los Angeles, California where he was graduated from El Camino College with an A.A. in Architectural Design. He earned his B.S. degree in Business Management and an M.B.A. degree in Quantitative Business Analysis from the University of Southern California.

# Agenda

- What are they?
- Plan for Success!
- Develop Strategy Design!
- Validate Strategy Design!
- Obtain Acceptance!

## What are they?



## What are they?

- Business Recovery Strategies
  - Ensure Business Continuity!
  - Justifiable!
  - Viable!

## What are they?

- Ensure Business Continuity!
  - Based on a sound business rationale of ensuring continuity of the mission, vision and values of the organization.
  - Mitigates the affects of disastrous events or disruptions on the mission, vision and values of the organization.

## What are they?

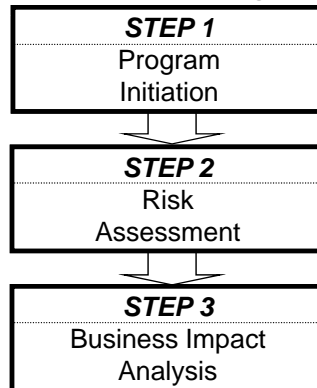
- **Justifiable!**
  - Based on the value of each organizational unit or resource as they relate to the functioning of the total organization.
  - Based on an order of importance in allocating critical resources to carry out each business recovery strategy.
  - Based on an order of importance or priority to restoring the functions of the organization in the event of a disaster.

## What are they?

- **Viable!**
  - They will provide an acceptable level of normalization or level of performance.
  - They are operationally feasible to carry out under the limitations of a disastrous event.

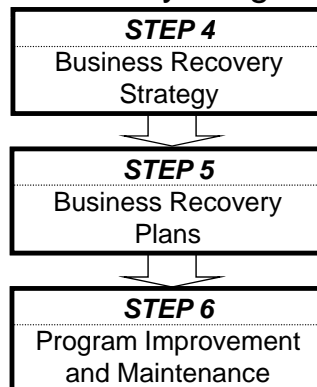
# What are they?

- The Business Continuity Program



# What are they?

- The Business Continuity Program



# What are they?

- Recovery Strategy Development
  - Project Planning
  - Inventory Requirements
  - Develop Preliminary Strategy Design
  - Validate Strategy Design
  - Obtain Acceptance

## Plan for Success!



# Plan for Success!

- Corporate Commitment
  - Conduct Business Impact Analysis (BIA)
  - Accept BIA Findings
  - Direct Strategy Development
  - Commit Resources

# Plan for Success!

- Review BIA Findings
  - Criticality of Business Functions
  - Impact of Disruptions Over Time
  - Critical Dependencies
  - Critical Resources

# Plan for Success!

- Organize BIA Findings for Strategy Development
  - Categorize functions by affect on the organization in case of a disruption.
  - Propose development plan for each category based on the consequences of doing nothing.
  - Obtain Management Concurrence and Direction to Proceed according to Plan.

# Plan for Success!

- Categorize Functions by Affect on Organization
  - Group A – Vital
    - Primary, Essential, Requisite, etc.
  - Group B – Important
    - Secondary, Subsequent, Significant, etc.
  - Group C – Nonessential
    - Ancillary, Accessory, Deferrable, etc.

# Plan for Success!

- Propose Development Plan for Each Category
  - Group A – Vital
    - Immediate Strategy Development
  - Group B – Important
    - Secondary Strategy Development
  - Group C – Nonessential
    - Issue Self-Help Planning Guidelines.

# Develop Strategy Design!

PART ONE



# Develop Strategy Design!

- Recovery Strategy Development
  - Project Planning
  - Inventory Requirements
  - Develop Preliminary Strategy Design
  - Validate Strategy Design
  - Obtain Acceptance

# Develop Strategy Design!

- Project Planning
  - Identify Scope
  - Assemble Project Team
  - Review Existing Documentation
  - Develop Project Plan
  - Conduct Kick-Off Meeting

# Develop Strategy Design!

- Inventory Requirements
  - Maximum Acceptable Disruption
  - People
  - Facilities
  - Equipment
  - Supplies
  - Information
  - Information Processing
  - Dependencies

# Develop Strategy Design!

White Board Discussion



# Develop Strategy Design!

White Board Discussion



# Develop Strategy Design!

- Develop Preliminary Strategy Design
  - Identify and Evaluate Internal Alternatives
    - Within *Own* Organization
    - Within *Affiliate* Organizations
  - Identify and Evaluate External Alternatives
    - With *Existing* Relationships
    - With *New* Relationships

# Develop Strategy Design!

- Develop Preliminary Strategy Design
  - Identify Operational changes necessary to carry out strategy development:
    - Update Standard Operating Procedures
    - Increase Cross Training
    - Reorganize Work Flow
    - Update Performance Standards
    - Increase Protection of Work-In-Progress

# Develop Strategy Design!

- Develop Preliminary Strategy Design
  - Develop Cost and Implementation Plan:
    - Cost must relate to impact of disruption
    - Implementation Plan must consider:
      - Risk until strategy in place, and
      - Impact on development of Recovery Procedures

# Develop Strategy Design!

EXAMPLE				
SUMMARY				
RECOVERY STRATEGY COSTS				
DESCRIPTION	PRE-DISRUPTION COSTS		POST-DISRUPTION COSTS	
	Fixed	Ongoing	Fixed	Ongoing
Command Center	\$ -	\$ -	\$ 55,464.00	\$ 8,750.00
Recovery Facility	\$ 1,596,416.03	\$ 71,152.00	\$ 45,205.97	\$ 80,672.00
Remote Office Facility	\$ 2,607,640.67	\$ 38,869.00	\$ 19,433.33	\$ 46,674.00
Third-Party Offices	\$ -	\$ -	\$ 7,471.00	\$ 125.00
Work-At-Home	\$ 935,046.00	\$ 3,150.00	\$ 15,750.00	\$ 12,600.00
<b>TOTAL COSTS</b>	<b>\$ 5,139,102.69</b>	<b>\$ 113,171.00</b>	<b>\$ 143,324.31</b>	<b>\$ 148,821.00</b>

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# Develop Strategy Design!

EXAMPLE						
UNNAMED RECOVERY FACILITY						
FACILITY RECOVERY COSTS						
DESCRIPTION	RECOVERY REQUIREMENTS		PRE-DISRUPTION COSTS		POST-DISRUPTION COSTS	
	Unit Cost	Quantity	Fixed	Ongoing	Fixed	Ongoing
<i>Facility Costs:</i>						
Office Space	1.50	32,000	\$ 96,000.00	\$ 48,000.00		\$ 48,000.00
Remodeling	12.00	32,000	\$ 384,000.00			
Furnishings	4.00	32,000	\$ 103,044.03		\$ 24,955.97	
Office Equipment	2620.00	1				\$ 2,620.00
Common Area Maintenance	0.45	32,000		\$ 14,400.00		\$ 14,400.00
Mbox-In	100.00	159	\$ 12,800.00		\$ 3,100.00	
Mbox-Out	50.00	159			\$ 7,950.00	
<b>Total Facility Costs:</b>			<b>\$ 595,844.03</b>	<b>\$ 62,400.00</b>	<b>\$ 36,005.97</b>	<b>\$ 65,020.00</b>
<i>IT Costs:</i>						
Connectivity			\$ 14,400.00	\$ 8,752.00		\$ 8,752.00
Hardware			\$ 771,066.00		\$ 9,200.00	\$ 6,900.00
Software			\$ 215,106.00			
Contract Labor						
<b>Total IT Costs:</b>			<b>\$ 1,000,572.00</b>	<b>\$ 8,752.00</b>	<b>\$ 9,200.00</b>	<b>\$ 15,652.00</b>
<b>TOTAL COSTS</b>			<b>\$ 1,596,416.03</b>	<b>\$ 71,152.00</b>	<b>\$ 45,205.97</b>	<b>\$ 80,672.00</b>

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# Develop Strategy Design!

- Identify Preliminary Strategy Design Candidates
  - Ensure Business Continuity!
  - Preliminary Costs are Justifiable!

*Next Steps:*

- Validate Strategy Viability
- Identify Final Strategy Design Recommendation(s)

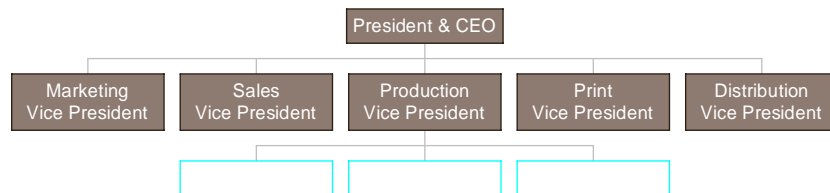
# Develop Strategy Design!

PART TWO – LET'S DO IT!



# Develop Strategy Design!

## ALL-STAR PUBLICATIONS, INC.



# Develop Strategy Design!

- BIA Project Findings:
  - Group A – Vital
    - Production
    - Print
  - Group B – Important
    - Distribution
    - Sales
  - Group C – Nonessential
    - Marketing

# Develop Strategy Design!

- BIA Project Findings:

*All-Star Weekly Publications:*

- One-Day Late            20% Loss of Sales
- Two-Days Late         50% Loss of Sales
- Three-Days Late       75% Loss of Sales
- Four-Days Late        100% Loss of Sales

# Develop Strategy Design!

- Production Department

*All-Star Weekly Publication:*

- Input:
  - Advertisements from Sales
  - Articles from Outside Writers
- Production Responsibilities:
  - All Prepress Activities
- Output:
  - Print File to Print Department

# Develop Strategy Design!

- Production Department

*All-Star Weekly Publication:*

- Key Dependencies:

- Production Work Orders
- Advertisements from Sales
- Articles from Outside Writers
- Original Graphic Art Files
- Graphic Production System
- Graphic Production Personnel
- Work-In-Progress

# Develop Strategy Design!

- Develop Preliminary Strategy Design for Production Department

*All-Star Weekly Publication:*

- Internal Alternatives:

- Alternate Weekly Publication Production Site
- Monthly Publication Production Site
- \_\_\_\_\_

- External Alternatives:

- Third-Party Prepress Vendor
- Competitor's Production Site
- \_\_\_\_\_

# Develop Strategy Design!

- Identify Operational Issues

*All-Star Weekly Publication:*

- Internal Alternatives:

- Current Site Use
- Physical Capacity to assume Recovery Operations
- Staffing Requirements
- Personnel Relocation
- \_\_\_\_\_

# Develop Strategy Design!

- Identify Operational Issues

*All-Star Weekly Publication:*

- External Alternatives:

- Data Security
- Input/Output Compatibility
- Roles and Responsibilities
- Flexibility
- \_\_\_\_\_

# Develop Strategy Design!

- Identify Operational Issues

*All-Star Weekly Publication:*

- All Alternatives:

- Recovery of Work-In-Progress
- Standard Operating Procedures
- Reconstruction of Lost Processing
- Time Limit as Alternate Site
- \_\_\_\_\_

# Develop Strategy Design!

- Next Steps

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Validate Strategy Design!



# Validate Strategy Design!

- Validate Strategy Design
  - Validate Assumptions
  - Learn Common Issues
  - Identify Specific Recovery Issues
  - Identify Specific Strategy Issues
  - Update Strategy Design

# Validate Strategy Design!

- Validate Assumptions
  - Compatible Operating Environment
  - Compatible Operating Equipment
  - Compatible Operating Procedures
  - Compatible Naming Conventions
  - Compatible Third-Party Relationships

# Validate Strategy Design!

- Learn Common Issues
  - Elapse time following a disruption until Disaster Declaration decision
  - Staff availability following a disruption
  - Issues Inhibiting personnel relocation
  - Capability of alternate facilities to *physically* assume additional operations
  - \_\_\_\_\_

# Validate Strategy Design!

- Identify Specific Recovery Issues
  - Lack of Standard Operating Procedures
  - Dependency on Work-In-Progress
  - Inability to Recover Lost Processing
  - Inability to Collect & Process Back Log
  - \_\_\_\_\_

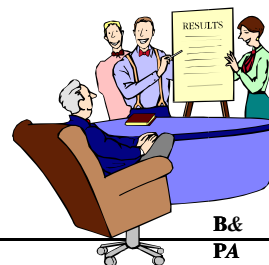
# Validate Strategy Design!

- Identify Specific Strategy Issues
  - Resources & Time to Implement Strategy
  - Inability to identify an Alternate Location
  - Time Limit at Alternate Location
  - \_\_\_\_\_
  - \_\_\_\_\_

# Validate Strategy Design!

- Update Strategy Design
  - Revise Existing Strategy Design
  - or*
  - Develop New Strategy Design
  - and*
  - Revalidate Strategy Design

# Obtain Acceptance!



# Obtain Acceptance!

- Develop Summary of Findings
  - Strategy
    - Where & When?
    - How Long? ... Then?
  - Attributes
  - Strengths
  - Weaknesses
    - Description
    - Potential Mitigation
  - Cost and Implementation Plan

# Obtain Acceptance!

- Present Findings
  - Relate to BIA Findings
  - Review Strategy Development Direction
  - Identify Common Issues
  - Identify Necessary Operational Changes
  - Present separate Summary of Findings for each Strategy Recommendation

# Obtain Acceptance!

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*Obtain Management Buy-In and Approval  
To Proceed to Next Step!*

# Obtain Acceptance!

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- The Next Step
  - Design and Implement the Recovery Strategy:*
    - Identify Design Team(s)
    - Develop Project Plan
    - Coordinate with Recovery Plan Development
    - Carry Out Design and Implementation

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*Thank You!*

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Q&A



FOR FURTHER INFORMATION  
PLEASE CONTACT

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