Congratulations! By reading this, you are taking the first step along the journey to better understanding of how an effective business continuity program can affect (directly or indirectly) who you (as a company) are, how and with whom you do business, and which strategic direction to follow in order to minimize downside exposure to operational and reputational risk.

The recent SEC ruling requiring companies to document risk management issues with their proxy statement underscores the scrutiny offices and directors are under with regards to managing their business in a prudent manner. That venue is an excellent opportunity to showcase the lengths your organization is going to ensure operational resiliency and how you value all stakeholders when considering strategic decisions. Your resiliency vehicle, business continuity management (BCM), is just one component of managing enterprise risk, typically tied to an enterprise risk management (ERM) program. As with ERM, linking BCM to your corporate mission statement — who you say you are — can go a long way to ensure you are focused on meeting the expectations of your stakeholders no matter what unplanned mayhem may occur.

Historically, many executives have dismissed business continuity as another form of insurance. Do not be misguided. Insurance just replaces the financial losses incurred — not your business. As an officer or director, you are in a position of trust and obligated by the Uniform Commercial Code (“Prudent Man Rule”) and common law to manage the business to the best of your ability — which includes the consideration of risk (upside and downside) in all financial, operational and strategic decisions. This concept extends to all stakeholders — investors/shareholders, employees, business partners (customers and suppliers), etc. — who will remind you of your obligations and commitments at time of crisis.

Using the recent oil spill in the Gulf of Mexico as example, imagine your organization facing similar public outrage. How about the media frenzy surrounding the former energy giant in Houston or, more recently, New York-based global insurance, brokerage and banking conglomerates now only former shadows of themselves? There are multiple other examples where ill-prepared companies were not able to meet customer obligations due to key suppliers experiencing unplanned operational failure. In the end, the customer will not care if you chose to outsource a key component or process — it is your product, it was promised to be delivered on time, and it is impacting their reputation and financials. No excuses will be accepted and your company’s (and, likely, individual) reputation will be tarnished for the foreseeable future.

Unfortunately, in the aftermath, you will have a lot of time to ponder whether it was worth the cost savings realized by not implementing a proper business continuity program. No one wants their company to be the case study cited in either business schools or articles like this one. Studies have proven the value of being prepared. Take, for example, an independent study conducted by Oxford University where they analyzed the share price (post-impact) of organizations who faced a crisis. Results showed that those who responded well experienced a 5 percent increase in share price as compared with a 15 percent decrease by those who did not. A 20 percent return on investment variance is real money.

A well-designed and oft-exercised business continuity program encompasses a wide array of processes, including Incident response, crisis management, business resumption, and IT disaster recovery. These components work hand-in-hand with your other ERM and risk management processes, including areas like insurance and occupational health and safety. Used appropriately, these processes can help to maintain your business, integrity and reputation while in the eye of a storm. While business continuity may not be the magic elixir to bulletproof your organization, the concept of managing risk effectively does apply.

What does this all mean to you? Take it seriously. Today. Read the articles included herein. Ask questions of your risk and business continuity groups. Listen to their answers and respond accordingly. Be prepared. The era of “It won’t happen to us” is forever gone. Sometime, somewhere — “it” can happen and “it” will. Godspeed.
Why A Strong Business Continuity Program Is So Important To Your Organization

By Randall Till, MBCP

A business in today’s global environment without a strong continuity plan is like the emperor who wears no clothes. Managers may adhere to solid day-to-day business practices and principles but view business continuity as less important or maybe even optional. However, at some point in time, someone — a manager, client, regulator, or competitor — will open their eyes to see the naked truth. A company without a strong business continuity program (BC program) can quickly lose crucial business, or even go out of business, when continuity plans are outdated, ill conceived, or non-existent. Pretending it isn’t so is only effective as long as 1) the threat of an event does not occur, and/or 2) the business risks aren’t exposed during the event.

This is living on hope and blind faith. To face reality and plan for the inevitable problems that can arise in any business environment is not only smart business, but also a growing necessity in the complex global environment that corporations must navigate today. If we look at the recent event involving the Gulf oil spill, the company involved didn’t react with a quick well-coordinated response. At least that’s the public perception today. The recovery plans for this disaster did not appear well planned but seemed to be designed on the fly. How many companies today are looking to recover on the fly?
So how can the truth be revealed among executive management and their stakeholders? How can they realize that a strong BC program is not only important but also essential? What will convince them that it isn’t a choice but a necessity?

To understand why this blind spot persists in many organizations, we may consider a few reasons that are common to many.

Management often never sees a complete picture of what makes up a solid BC program. This can occur over time, and to no direct fault of anyone in particular. As a result the BC function has been separated into silos, with each key planning area under different management responsibilities (i.e., IT participants engaged in disaster recovery planning (data center recovery) often don’t understand the business or crisis management side of an event (they “believe” it is okay that the emperor goes about wearing no clothes). This can even create a sense of competition among parts of the organization trying to gain access to the same limited funds, instead of working together to protect the organization. In other words, one hand doesn’t know what the other is doing, assuming someone is protecting what is actually exposed, thus rendering itself “blind” to potential risks and impacts.

Secondly, executive management, the board of directors, and other stakeholders are often unaware of the true status of business continuity within an organization. There is an expectation that if a significant event occurs, things will be taken care of – the emperor must have clothes. The point is, management often overestimates the true recovery capabilities for their organization. They take a simplistic view to a very complex and dynamic process. As an example, there is often a perception that in an emergency event, people will work at home or use Blackberries to conduct business. This is a simplistic view that will only work with the appropriate planning to support these strategies in a disaster situation. These are not solutions that can support all business functions, especially the most critical. In some cases there is almost a “don’t ask, don’t tell” philosophy – nobody wants to know the emperor is naked.

And finally, in many companies, the value and benefits produced by an effective BC program are never observed or understood by management – the emperor has fine clothes, but he is just not wearing them.

There are a number of reasons why these business continuity related benefits go unnoticed.

- The silo approach to business continuity separates the planning areas into different parts of the organization. With this approach, the related values and benefits are dispersed and never reported in an effective manner. Also, the business continuity components get lost in other priorities.
- Business continuity practices never reach the level of maturity necessary to provide the greatest benefits for an organization, because it has been treated as a compliance task, orphaned to the “dungeons” of higher management priorities, and the process rendered mostly ineffective.
- Management doesn’t see or realize many of the inherent benefits produced from an effective BC Program. This is often because they are not receiving the information or they are not paying attention.

Choosing the Proper Tools

When creating management commitment for business continuity planning can be a very complicated task. This can even create a sense of competition among parts of the organization trying to gain access to the same limited funds, instead of working together to protect the organization. In other words, one hand doesn’t know what the other is doing, assuming someone is protecting what is actually exposed, thus rendering itself “blind” to potential risks and impacts.

Secondly, executive management, the board of directors, and other stakeholders are often unaware of the true status of business continuity within an organization. There is an expectation that if a significant event occurs, things will be taken care of – the emperor must have clothes. The point is, management often overestimates the true recovery capabilities for their organization. They take a simplistic view to a very complex and dynamic process. As an example, there is often a perception that in an emergency event, people will work at home or use Blackberries to conduct business. This is a simplistic view that will only work with the appropriate planning to support these strategies in a disaster situation. These are not solutions that can support all business functions, especially the most critical. In some cases there is almost a “don’t ask, don’t tell” philosophy – nobody wants to know the emperor is naked.

And finally, in many companies, the value and benefits produced by an effective BC program are never observed or understood by management – the emperor has fine clothes, but he is just not wearing them.

There are a number of reasons why these business continuity related benefits go unnoticed.

- The silo approach to business continuity separates the planning areas into different parts of the organization. With this approach, the related values and benefits are dispersed and never reported in an effective manner. Also, the business continuity components get lost in other priorities.
- Business continuity practices never reach the level of maturity necessary to provide the greatest benefits for an organization, because it has been treated as a compliance task, orphaned to the “dungeons” of higher management priorities, and the process rendered mostly ineffective.
- Management doesn’t see or realize many of the inherent benefits produced from an effective BC Program. This is often because they are not receiving the information or they are not paying attention.

COOP Systems

COOP Systems is the developer of myCOOP™, the simple, fast, less costly software. BCM Software of the Year Award winner, myCOOP is a comprehensive BCM solution provided to a growing client list around the world. The full life cycle is managed in a tightly integrated, web-based, easy-to-use package. Advanced new capabilities include structural workflow and graphical process dependency analysis. Deployment takes only a few hours, with high-level functions as follows:

- Integrated, flexible BIA/Risk survey tools
- Easy plan creation, management, and maintenance
- Program management, e.g., tasks, tests, etc.
- Integrated one-click notification
- Incident command
- COOP Systems and our partners support clients anywhere, no matter their industry, language, geography or size of business. Visit www.coop-systems.com for more details.

Gaining management commitment for business continuity planning can be a very complicated task. Large business continuity projects can encompass hundreds of details, strategies, and materials. With complicated projects like this, it can be tough to get management approval and keep everyone on task.

However, the problems of large business continuity projects can be addressed with the right set of design principles, deployment strategy, and product support. Design should allow for decentralized planning while maintaining central views and controls, as well as managing localization and live data integration. Deployment should avoid big-bang delivery. Support should be available anywhere, any time.

The implementation of business continuity management (BCM) software has enormous benefits if done properly. After reviewing senior management needs, there are three basic success factors to ensure effective deployment and project success:

- Design with centralized views and controls, while allowing centralized planning, and easy integration of live sources of data
- Deployment methods avoiding dangerous "big bang" projects, instead planning for incremental production use as needed across the organization
- Self-service support tools and live vendor service 24x7

Less risk and more capabilities can be delivered by insisting on these three basic principles.

SOFTWARE DESIGN

Having proper software systems installed and employees thoroughly trained will greatly increase the success of managing large business continuity projects. It is important to view your plans for the extended future when selecting software, hardware and other tools.

Older Systems – These emphasize central controls. Unfortunately, this means deploying across multiple regions and business units also needs to centralize decision-making, a painful choice for companies with decentralized operations.

Next-Generation Systems – Software design can combine centralized and decentralized controls, allowing maximum flexibility locally while still enforcing organizational needs. Standards at the corporate level can be enforced while sub-administrators do changes only needed by their users.

Integration – To support the optimum business case, organizations pull from systems and databases specific to their needs. This could include systems of record like HR databases for employee and contractor information, accounts payable databases for vendor information, accounts receivable records for customer lists, and real estate databases for location information.

DEPLOYMENT STRATEGY

Traditionally, IT enterprise systems used a “big bang” methodology, requiring certainty at all stages of development. Many events now cause rapid change – geo-political, regulatory, and economical, among others – requiring quick adaptability to meet today’s needs. The result is a high rate of failure of IT projects. There is a better way, using more advanced methods that include:

- Earlier initial release of high priority functionality
- Better measurement and visibility of progress and risk
- Flexibility for mid-course corrections
- Early key wins to keep project stakeholders on-board
- Global design with flexibility for regional differences

Adopting this approach with a manageable environment before a wider scale deployment can have the following benefits:

- Proving the design assumptions and decisions early, including scalability, data sets, and standard templates.
- Providing faster continuous feedback to focus strategic and tactical directions.

The old “big bang” approach is no longer effective. Newer, proven, agile methodologies are proving to be successful, giving stakeholders the results, necessary confidence and return on investment.

www.coop-systems.com
That said, what are some of the potential benefits associated with a strong BC practice? To understand more specifically, let's take a closer look at some of the key planning areas associated with business continuity.

**Risk Management**

You can think of the business continuity function hand in hand with risk management practices. Business continuity is responsible for managing operational risks associated with business disruptions in order to maintain operational resiliency. Any organization with a risk-adverse focus should have comprehensive and effective business continuity plans. An effectiveness BC program creates crisis management, business continuity, and disaster recovery plans, which represents key controls in managing operational risks associated with a disruption or emergency. A comprehensive and well-integrated BC function will provide synergy with the goals and objectives set forth by enterprise risk management (ERM).

**BC Benefits:**
- Addresses a key area of enterprise risk management
- Identifies threats and evaluates controls to mitigate risks
- Provides an avenue to promote an effective risk awareness mindset
- Assesses continuity risks associated with the business supply chain

**Crisis/Emergency Management**

Crisis/emergency management planning is about developing plans to respond to and manage any incident with the potential to impact business operations. It is not evacuation and life safety plans, although there is a relationship. Crisis/emergency management planning provides direct and immediate benefits to an organization. No company wants to experience an emergency event. Even worse, no company wants to experience an emergency event and not be prepared to respond. An effective crisis/emergency management planning process will help protect company assets, including employees and families, prepare the company to respond and address communications, and minimize the impact of any type of incident. Testing (staged events) should occur on a regular basis for every company office.

**BC Benefits:**
- Protects corporate assets including people
- Prepares key people at company offices to respond
- Addresses crisis communications to protect company reputation
- Develops notification processes and employee contact information
- Practices crisis events and plans for specific crisis events/scenarios
- Improves employee morale and sense of security

**Business Continuity – Work Area Recovery**

No one area within any organization can succeed as an island, and continuity planning for the business areas brings this into...
focus. Cooperation, connection, and ongoing evaluation between managers and their workers are vital to understanding how business functions operate and interact. The process of evaluating business functions to determine criticality and to define recovery time objectives is an important process. This creates valuable strategic information on how the business operates and what is truly important. This requires an evaluation that takes a holistic approach, rather than a narrow and independent view. This is often the ONLY time a business will step back to look at the operational risks of conducting their business. This kind of process analysis allows a business area to identify gaps and weaknesses in operating practices and gives them an opportunity to make adjustments that will lead to better operational resiliency.

**BC Benefits:**
- Performs analysis of business operational needs
- Protects critical business assets (data, vital records, equipment, etc.)
- Develops strategies for recovery of business operations and critical office infrastructure
- Identifies and addresses critical interdependencies
- Creates process improvement opportunities to enhance resiliency

**Disaster Recovery – Data Center Recovery**

This area of DR planning provides significant contributions to the operational resiliency of a company. The ongoing analysis of data backup requirements for recovery purpose has led to the reduction in recovery times and loss of data as part of recovery plans. Advancements in technology have driven the design and implementation of advanced recovery solutions. As a result, companies have been able to utilize recovery equipment to support additional operational needs. For example, with advanced recovery solutions, companies are able to switch production operations to a recovery environment to support a minor hardware outage, eliminate a planned outage, or support hardware/software upgrades. This provides a company with a higher level of resiliency, eliminates costly downtime, and provides better utilization of recovery investments. DR planning may also lead to the redesign and enhancement of existing processing systems to provide more resilient processing and improved operational flexibility. There are a number of benefits created from strong disaster recovery practices that directly influence daily operational practices.

**BC Benefits:**
- Develops strategy to restore operations based on business needs
- Improves data backup strategies and reduces loss of data for recovery
- Identifies risks and gaps in business operations
- Improves operational resiliency for critical processing systems
- Reduces system downtime through higher availability
- Defines system and business dependencies

**Business Continuity Program**

The BC program often maintains the most current information on business practices, risks, and associated impacts of an outage, and thus is a warehouse of valuable information for strategic

---

**Will Your Plan Really Work?**

N

o one questions the importance of a business continuity plan. In a world inherently dependent on technology, guarding against unplanned outages and unexpected disasters is a routine component of enterprise IT. In fact, it’s rare to find a company that doesn’t have some sort of recovery planning in place.

The real question is whether that plan will actually work.

“Technology changes constantly, especially in a business environment,” says Brian Fowler, worldwide director for Business Continuity and Recovery Services at HP. “If your continuity plan isn’t aligned, it isn’t going to be effective when a disaster strikes—whether that calamity is a major storm or a simple electrical outage. You’ve got to have preparations which are well understood, well rehearsed, and in sync with the needs of the business.”

Does Your Plan Adjust As Your Enterprise Evolves?

Fowler believes that the key is flexibility. Your strategy and its supporting technology should be agile and responsive to change. Your service provider should adapt to your enterprise’s methodologies rather than the other way around. And your contract should have provisions for adjusting rapidly to your business changes—without charging astronomical change fees.

**A SERVICE-ORIENTED BUSINESS ALLY**

“We call our services ‘continuity management’ for a reason,” says Fowler. “It’s the holistic delivery of a blueprint, the hardware and software, the implementation, and the constant monitoring and management by our experts. We have our professionally-certified continuity planners collaborate with our clients to keep alignment going, and make sure they’re keeping it current.”

“This is where a service-oriented outsourcer like HP makes a difference: HP has some of the fastest scheduling in the business, with 99 percent of rehearsals set within the timeframe sought by the customer, provided that it is at least 90 days out. And HP helps the in-house staff by doing all the set-up and preparation, bringing in the IT staff for the actual run-through. Then HP handles evaluation, assessment and collaboration with you to determine required tweaks.”

**A SHIFT IN TECHNOLOGY FOR BETTER OUTCOMES**

“This industry is making a big shift from being very physically based in things like tape backup and point-to-point lines,” Fowler says, “to a more virtual base with elements like electronic data replication. This reduces risk by giving enterprises significantly faster recovery ability, and because it’s now easier to adjust aspects of the continuity plan—make business alignment easier.”

The bottom line, he says, is having the security and confidence that you can survive and even thrive during a catastrophic disaster. Your customized continuity plan, synchronized to your rapidly changing business needs, should have the most innovative, flexible, and cost effective options to protect your business. Whether this means better IT choices, more frequent testing, or just a more parallel configuration depends on your individual needs.

“Your overall continuity plan has to work for your enterprise,” says Fowler. “It has to match-item by item—your unique structure and support the technology that supports your business. If it’s not delivering outcomes that matter to your organization, it’s time to rethink your approach to business continuity.”
planning purposes. The BC planning process requires employees to think through business operations, the practices, technology, information, people, and business partners required to operate the business. This end-to-end analysis provides a valuable assessment of how business functions operate and helps to identify the potential risks to the continuity of operations. This is an analysis process that, without business continuity planning, usually goes unexamined. A strong BC function provides the avenue and techniques to perform this operational evaluation and collect data that is critical to supporting an organization during a serious emergency or disruption. Without this information a company is left guessing or winging it; the emperor has no “informational” clothes.

BC Benefits:
- Addresses compliance requirements for regulators and customers
- Identifies business dependencies and critical relationships
- Requires evaluation and improvement of business processes
- Collects valuable data on business processes and priorities
- Maintains employee contact data with notification procedures

Other Benefits:
- With a well functioning, highly maintained, and strong business continuity program in place, customers and business partners will be assured that their investments and business interests are well-protected and well-served. In the rapidly evolving and volatile global business climate that exists, this provides a positive marketing tool.
- The business continuity planning process provides an excellent opportunity for a company to model their business services. By taking a business service approach to BC planning, the key systems, business functions, and partners can be identified as part of an end-to-end key business service. With the identification of each business service a criticality level can be assigned (e.g., mission critical, vital, critical) allowing a company to place the most emphasis on maintaining and testing the business services required to keep the doors open.

One only has to look to corporations who encountered severe losses after events as minor as a power outage to major disasters like earthquakes to realize that a strong business continuity program is not a luxury or a choice. Managers who turn a blind eye to this need, or who allow the BC function in their organization to be relegated to ineffective areas or dwindled to the task of merely addressing audit issues, are living an illusion. Without the protection that an integral, up-to-date, and organization-wide BC function provides, it’s not a question of whether there will be business losses, but when and how great.

The crucial first step is to assist executive managers of an organization in recognizing that their emperor is wearing no clothes. Once that is recognized, the next steps of “dressing him” in an effective BC program will assure the strongest protection in today’s global business environment.

Randall Till, MBCP is principal and founder of Till Continuity Group. Till is a business continuity professional with more than 20 years of experience creating and implementing business continuity programs for business organizations.

Business Continuity As Part Of Risk

The most important thing for executives to know about business continuity is that it is part of a bigger issue — risk management. “Risk can be categorized in several different ways,” says Rich Cocchiara, IBM Global Technology Services Distinguished Engineer and CTO for IBM Business Continuity and Resiliency Services. “Risk is more than security, more than business continuity, more than compliance. It’s all of those.”

Cocchiara also suggests a simple, three-step process executives can follow to help determine their organizations’ risk issues and where business continuity initiatives can help.

STEP #1: DEFINE THE ISSUES
Before they become IT concerns, risk and business continuity are business concerns. By accurately identifying and defining continuity-related business issues such as geographic, regulatory and financial risks — and pinpointing the business processes theses risk affect — executives will have a clearer picture of their organization’s continuity-related issues and how they can impact overall business objectives.

STEP #2: UNDERSTAND THE PAST
Once the issues are defined, a look at past efforts to remediate or eliminate those issues can provide invaluable — and often overlooked — information to steer new efforts. What worked can be repeated, what didn’t work can be analyzed to determine the why’s and wherefore’s and what needs to be changed.

STEP #3: LOOK TO THE FUTURE
The final step in any examination of an organization’s risk and business continuity management is a look into the future. This is not as difficult as it may seem, but there are blind spots to be on the lookout for. A good place to start is the organization’s business plan. Map any new objectives not already examined in steps 1 and 2 to their potential impact on business continuity. Remember, too, that impact on business continuity is not always the result of a negative action.

Greater-than-anticipated success of a new product can lead to a sharp increase in market share that current systems may not be able to handle, resulting in interruptions and delays. Of course, there will always be issues that organizations cannot know about or predict. But, by dealing effectively with the issues that can be identified, executives can help build the kind of agile and adaptive organization that can handle new issues with greater ease — and prosper, grow and compete ever more effectively in today’s marketplace.

www.ibm.com/services/continuity
To continue the growth in the business continuity program and further the protection of our organizations, it is important to constantly be vigilant for new programs, technology or advice. It is vital to keep awareness at the forefront by presenting your management with all the information they need to make solid choices for the program.

Securing funding is a constant battle, but hopefully that will ease as the economy improves. It can also be eased by making lean, efficient choices for your organization. This special section was designed to help provide you with that information.

Industry practitioners and professionals have come together to give opinions and advice on the strategies that need to be set in place, the technology that needs to be implemented and the flexibility that must be built into plans.

Each viewpoint is valuable in that it offers considerations, options and questions that practitioners can examine and then present to their company executives.

A common theme that is included in the individual articles is understanding that your organization, its risks, its personnel and its future development are an essential foundation upon which to build your program. The difference is in the details and the details are in the differences.

If you want your business continuity program to be the strongest, most resilient that it can possibly be, this is where you need to start. Take the advice that applies to your organization and use it as a jumping point for further research.

Business continuity is more important than ever. Now it’s time to prove it!