

The New Reality of Risk™

A REPORT FOR CLIENTS AND COLLEAGUES OF MARSH ON TIMELY RISK-RELATED TOPICS

Ten Critical Steps

In order to recover from a disaster, organizations need to have a business recovery plan. Below are the steps to take before, during, and after a disaster.

- Organize an internal team that is comprised of people who know your organization inside and out. These people will be "point people" during the crisis.
- Plan for the worst. Understand what could happen to your organization on various levels, i.e., how your technology department would be affected in the event of a crisis.
- Create an incident/crisis management model for reacting to problems.
- Determine the business requirement for recovery.
- Understand your current capabilities.
- Explore strategies for closing the gap between requirements and current capabilities.
- Ensure that there are clearly defined corporate recovery objectives.
- Make sure the plans are easy to maintain.
- Re-examine planning requirements on a periodic (no less than annual) basis to address changing business and technology requirements.
- Test, test, test!

Business Continuity: The Road to Recovery



We have learned much from the events of September 11. These lessons are now being used to help organizations formulate programs to reduce their risks and help them better respond to such emergencies.

The first lesson learned was the importance of being prepared. This should come as no surprise, yet for some it came as a shock. Despite the 1993 World Trade Center bombing, there has been a feeling among those who control funding for business continuity planning that bright, dynamic and dedicated people will intuitively make the right decisions in the event of a crisis. In fact the events of 1993 emboldened such thinking. There were a number of organizations who had vague, untested and even no plans at all.

They were able to recover because of the following factors:

- They had time (it occurred on a Friday and they had the weekend to formulate plans).
- They were able to recover vital resources (servers and documents were retrieved over the weekend and removed from the Trade Center).
- The infrastructure remained intact. The building was stable and there was little damage to communication lines (voice and data).
- There were a limited number of fatalities, and the number of injured did not handicap the recovery efforts.
- Mobility was not significantly impaired. Public transportation was for the most part available, and few travel restrictions imposed.

A New Awakening

None of these held true for the efforts surrounding September 11. All aspects of recovery were handicapped by the sheer magnitude of the event. Even organizations which had proven recovery and continuity plans taxed all of their resources to make their plans operational. Consider the consequences:

- A significant population of nearly 3,000 people dead or missing.
- 15 million square feet of office space lost or inaccessible.
- Access to Manhattan closed to most traffic.
- 200,000 telephone lines lost or damaged.
- 3.5 million data lines lost or damaged.
- Commercial recovery sites faced a level of demand ten times higher than they had ever experienced in the past.

Most organizations lacked command and control structure, the backbone of good business continuity planning. They suffered from a lack of emergency response and incident/crisis management, as well as from a lack of recovery resources, adequate planning and cohesiveness in execution. They were unprepared to face a business operation in which communication networks would be unavailable for days, weeks or even months. They did not expect that when the network was finally available the information they accessed would be inaccurate.

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Some of the consequences of these inadequacies severely affected business results. Others affected human life. Again, although no plan could have ensured full recovery, certainly an effective strategy could have abated some of the negative consequences.

Smart Evacuation Plans

A good business recovery strategy includes thorough evacuation plans. For example, for most buildings that test evacuation (fire drills being the most common test), the exercise ends when people leave the building. This usually means that occupants of the building are left standing in front of it, clearly not the optimal place to be even if the actual incident were a small fire. Personnel standing in front of a building are subject to glass that may break and fall, flaming materials and other debris that might be propelled from the building.

Good evacuation plans call for personnel to go to an assembly or staging area location. The staging area must be located at least one-quarter mile from the incident site. The distance is based upon lessons learned from London terrorist and Oklahoma City bombings, high rise fires and other large-scale disasters.

Organizations that did a good job during September 11 actually had two assembly points, a primary one and a secondary one. This option allowed for flexibility in determining where employees could go after evacuation. For example, one assembly point could be a quarter mile east of the impacted site, while the other one could be one-quarter mile south of it. It was this type of planning that saved lives.

We were all horrified at the sight of the towers collapsing and people running in all directions to escape the cloud of smoke, dust and debris. We also heard the tragic stories of people who got out of the World Trade Center towers but didn't know where to go and were killed by the falling skyscrapers. A simple implementation of safe distance staging areas would have saved them.

The staging areas also help management account for personnel to begin the recovery effort. This incident/crisis management is a fundamental part of business continuity planning. It is the component that allows for the initiation of rapid response to emergencies. Without it, safety and recovery efforts are jeopardized.

Enacting a Business Continuity Plan

In addition to effective planning for evacuation, organizations need to have a well-defined business continuity planning team with clear roles and responsibilities. This facilitates the recov-

“There should be three distinct sets of recovery teams – one to restore technology, one to restore each of the business functions and one to support the recovery efforts of the other two.”

ery process and allows for clear communications with employees, media, shareholders, concerned relatives and other interested people and organizations.

The structure should include a steering committee comprised of senior executives who will have strategic oversight of the process. There should also be a tactical leader who will have operating responsibility for recovery. Finally, there should be three distinct sets of recovery teams – one to restore technology, one to restore each of the business functions and one to support the recovery efforts of the other two. This corporate support function will have logistical and administrative responsibilities, including legal, insurance, human resources and others.

The Road to Recovery

A solid organizational structure and incident/crisis management helps organizations concentrate on recovery. The first step toward recovery is to ensure that members of the internal business continuity planning team know the objectives of recovery. This begins with a clear set of corporate recovery objectives. Protection of revenue, maintenance of customer satisfaction, and protecting brand identity are some of the issues that should be considered.

The recovery process will consist of two phases:

1. Business Impact Analysis, which is conducted to determine recovery time, data requirements and resource requirements (facilities, equipment, technology, etc.).
2. Capabilities assessment.

The results of these two steps will be a gap analysis, which details the difference between the recovery requirements and the demonstrated state of preparedness. These gaps can be divided into three categories:

1. Time – The difference between an organization’s recovery time objective and its actual demonstrated recovery time.
2. Resources – The difference between the facilities, desktops, equipment and technology needed to recover and the current resources.
3. Data – The amount of data that will be lost in the event that recovery requires restoring data from backups.

Once completed, an organization can examine cost-effective strategies that will close the gaps. This determination will establish the baseline for recovery. It will help manage expectations and allow the organization to clearly understand the

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recovery capabilities that will exist in the event of an emergency.

Combining the above processes with a defined and controlled test process will produce a more reliable and consistent recovery. Organizations that demonstrate strong recovery competencies ensure confidence among employees.

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Business Continuity**

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