Business Continuity and Crisis Management

Crisis Management, Business Continuity and The Incident Command System

Understanding Differences and Putting it all together?

by Max Ckonjevic  FBCI, CBCP
Objectives

- To challenge your ideas and understanding of Crisis Management and Business Continuity Plans
- To present recommended components in a Crisis Management Plan
- To present an organizational structure that may tie it all together (ICS Model)
Who is in Attendance?

Functional perspective

- Emergency Management Professionals
- Business Continuity Professionals
- Security Professionals
- Consultants
Who is in Attendance?

Industry perspective

- Manufacturing
- Wholesale
- Services
- Retail
Managing threats and preparing for disasters is complex.

Nomenclature for preparedness activities differs.
Preparedness Management Components

Pre- Incident
Activities that attempt to prevent or lessen the effect of a threat or incident

Post-Incident
Activities that follow an incident – to minimize the effects of the incident
Preparedness Management Components

Pre- Incident

• Intelligence
• Preventive Measures
• Mitigation or Emergency Response Planning
Preparedness Management
Components

Post - Incident

- Emergency Management
- Incident Control or Crisis Management
- Business Continuity and Recovery
Plans, Plans, Plans…?

Emergency Action Plans

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Disaster Recovery Plans

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Business Continuity Plans

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Crisis Management Plans
Plans, Plans, Plans...

Why so many different plans?

Are they really needed?

What’s your opinion?
Differences need to be understood

- To develop plans that will address the proper situation
- To engage the proper plan for the corresponding event
- Not knowing the differences – creates a false sense of security
- Not having the proper plan could become the negative turning point of an organization that will lead that organization to significant losses and liberalities
Loss Reality

Losses attributable to disasters - doubled in the past 5 years and will double again by 2010. (Gardner)

• 43% of companies experiencing a major disaster do not re-open. Another 29% close within 2 years. (NYC Port Authority)

• Regulatory and legal requirements are increasing for some form of continuation capability

• Stakeholders and governing bodies are increasingly holding a company’s management to their fiduciary responsibilities.
The Good News is...


Board of Directors are taking “Risk” more seriously!
and the Survey says why....

- One in five companies suffered significant damage from a failure to manage risk adequately last year*

- Over ½ had at least one “near miss” *

What is Business Continuity Planning from a Risk Management Perspective?
Business Continuity Planning is a risk reduction technique designed to reduce a potential impact of an event or action to a manageable/acceptable level.
BC’s Role in Risk Management

BC Planning is designed to manage risk:
• Reduces the impact of an event to an acceptable level by;
  • Maintaining availability of critical products and services in the marketplace,
  • Protecting corporate assets,
  • Ensuring timely and cost effective recovery.
A process to identify, prioritize, protect and restore critical business assets, processes and resources required to maintain an acceptable level of operations and services by the organization in the aftermath of an event or an interruption to the business.
Definition of a Crisis
General Definition of a Crisis

Extreme threats to important values, intense time pressures, high stress, and the need for rapid, but careful decision making.*

* Billings, A Model Of Crisis Perception
Organizational Crisis

A turning point in which a situation of impending danger to the organization runs the risk of escalating in intensity, interfering with normal business operations, jeopardizing the organization’s public image, and damaging the bottom line.*

* Lebinger, Managing Corporate Crisis: Strategies for Executives
My Favorite Definition....

Organizational Crisis

A extreme threat to an organization that is intensified by time and has the potential for significant negative results to important organizational values, functions and/or services. This threat could result in major damage to the organization, its employees, products, services, financial condition and/or reputation.*

*M. Ckonjevic
Plan Reality Check

- How many have BC Plans?
- How many have CM Plans?
Crisis Plan Reality Check

- Does your plan focus on the recovery of business functions and services?
- Is your Plan Designed around the “worst case scenario” or “all hazards” approach?
  - Facility Losses (no or limited access to a facility)
  - Technology Losses (no access to systems, equipment, information/data or services)
Plan Reality Check

If you answer hand is still up ….

Congratulations, those are BC plans….

Not Crisis management plans
Plan Reality Check

Does you BC Plan support .....
Examples of Crisis Threats

- White Collar Crime
- Fraud
- Workplace Violence
- Sexual Harassment
- Class Action Lawsuits
- Mismanagement
- Labor Disputes
- Product Tampering, Recalls, Failures
- Environmental Accidents
- Casualty Accidents
- Extortion
- Insider Trading
- Crashes
What is the Primary Purpose of a Business Continuity Plan?
Business Continuity Plan
Primary Purpose

To recover or continue the business!

• The recovery and continuation of mission critical and time sensitive business functions and services after an incident!
What is the Primary Purpose of a Crisis Management Plan?
Crisis Management Plan
Primary Purpose

To manage a crisis!

- To limit the intensity or impact of a negative threat or event to organization's employees, products, services, financial condition and/or reputation
**Summary of Plan Differences**

**Business Continuity Plan (BCP)**
- To recover mission critical business services and/or processes
- Limited scenarios
- Focus on technology facilities and/or data

**Crisis Management Plan (CMP)**
- To limit, control and manage negative effects of an event
- Many scenarios
- Focus on people, products, services and organization values
Summary of Plan Differences

You can have a crisis without a disaster

- A Crisis can exist with NO physical damage to facilities or technologies.

You can have a disaster without a crisis

- You can have a loss to physical facilities or technologies and NOT have a crisis.

Both will escalate if not managed
Summary of Plan Differences

If not effetely managed

A Crisis can become a Disaster

A Disaster can become a Crisis
10 Basic Components of a Crisis Management Plan

1. Document Introduction
2. Crisis Scenarios/Situations
3. Crisis Considerations
4. Crisis Management Team
5. Crisis Management Facility
10 Basic Components of a Crisis Management Plan

(not discussed)

6. Notification Procedures
7. Action Procedures
8. Post-Crisis Analysis
9. Plan Exercising
10. Appendix
2. Crisis Scenarios

- Likely scenarios (8 to 12)
- Risk Assessment - tool of choice
3. Crisis Considerations

- Documentation
- Proprietary Information
- Financial and Legal Considerations
- Media Relations
3. Crisis Considerations

Documentation Section – (Crisis = Lawsuits)

- Critical to document all events
- Formal notes
- Crisis team contact forms
- Press contact forms
3. Crisis Considerations

Proprietary Information

- Guidelines in dissemination of information
- Confidential information
- State and Federal statutes preclude certain data
3. Crisis Considerations

Financial & Legal Considerations

- Implementation guidelines
- Suspending trading of firm’s stock
- Acquiring stock in volumes
- Communications with brokerage firms, vested interest groups, consumers, employees
3. Crisis Considerations

Media Relations

- Single point of contact
- Log all press calls (Press Contact Form)
- Media packages – Dark website
- Clipping Service
- Example press releases
- Guidelines for information dissemination
4. Crisis Management Team

- Senior Management, President, V.P., CEO, CFO, etc.
- Public Relations
- Communications
- Legal, HR
5. Crisis Management Facility

Command Center considerations

- Presentation area – Media Control
- Additional media support equipment
10 Basic Components of a Crisis Management Plan

6. Notification Procedures
7. Action Procedures
8. Post-Crisis Analysis
9. Plan Exercising
10. Appendix
An Incident Command System consist of two primary structures:

1. Damage Assessment Team – (First Responders)
2. Incident Command System
   - Incident Commander
   - Planning (“Tactical Action”)
   - Operations (“Business Operations”)
   - Logistics (“Provide Support”)
   - Finance & Admin (“Account & Procure”)
ICS Model

COMMAND

INFORMATION
SAFETY
LIAISON

OPERATIONS
BRANCH
DIVISIONS & GROUPS
STRIKE TEAMS & TASK FORCES

LOGISTICS
BRANCH
GROUP
SERVICE BRANCH
COMMUNICATIONS
MEDICAL
FOOD

SUPPORT BRANCH
SUPPLY
FACILITIES
GROUND SUPPORT

PLANNING
GROUP
RESOURCES
SITUATION UNIT
DEMOBILIZATION
DOCUMENTATION
TECHNICAL SPECIALIST

FINANCE
TIME UNIT
PROCUREMENT UNIT
COMPENSATION
COST UNIT

RESOURCES

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IM/CM Organization Model
Private Companies

Taking the ICS structure supporting the uniform services and enhancing it to support the suits, private industry

The Incident Management Model consist of three (3) teams:

- Damage/Crisis Assessment Team – Private Company’s First Responder Functions
- Incident Management Team – (Same ICS Model)
- Crisis Team – newly added team
TITLE: Incident Management’s Relationship to Other Emergency Management Elements

**INCIDENT OCCURRENCE**

- Emergency Action Plans
  - *Evacuation Plans*
  - *Shelter in Place*
  - *Emergency Power*

**INCIDENT MANAGEMENT TEAM**

- Damage/Crisis Assessment Team
  - *Damage Assessment*
  - *Crisis Assessment*
  - *Emergency Declaration*
  - *Primary/Secondary Notification*
  - *Repair & Resume*

  - EXECUTIVE MGMT. CRISIS TEAM
    - *Incident Manager*
    - *PLANNING*
    - *OPERATIONS*
    - *LOGISTICS*
    - *FINANCIAL*

  - BC PLAN

- Crisis Plans
  - BUSINESS RECOVERY @ PERMANENT SITE
  - BUSINESS CONTINUITY @ ALTERNATE SITE

Max Ckonjevic
2006
### Summary of Plan Differences

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Summary

• The focus of Crisis Management Planning is different than Business Recovery Planning

• A Crisis Management Plan (CMP) and a Business Continuity Plan (BCP) are usually two different documents that can work together or separately