THE NEXT EVOLUTION IN BUSINESS CONTINUITY PLANNING

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Planning Fundamentals

Three Levels of Business Planning

- **Strategic** – Goal You Wish To Accomplish
- **Tactical** – How You Will Achieve That Goal
- **Operational** – What You Need To Activate The Tactics
Business Continuity Planning

- Designed To Keep Companies “On Track” to Meet Strategic Goals When Faced With Unanticipated Business And Market Situations.

- Unanticipated Situations
  - Natural Disasters
  - Power Failures
  - Terrorism
  - New Competitors
  - New Products
  - Loss of Customer Segment
  - Loss of Key Executive
The Lessons Learned From Katrina

- Katrina Was A First
- Lost
  - Business
  - Staff
  - Customers
  - Commercial Infrastructure
  - City Infrastructure
  - Civil Services
  - Tax Base For Future Revenues & Services
Traditional Recovery Plans Presume

- Market Is Still Intact
- Civil Services Are Available
- Commercial Infrastructure
- Some Staff Is Available
- Are Based On Single Disaster
Katrina Taught Us

- We Cannot Reasonably Predict Disasters
- Extent of Disaster Cannot Be Planned
- Multiple Disaster Can Occur Together
- Big Government Is Not The Answer
The Moral Hazard

- Idea From Wharton Business School
- Moral Hazard – People Rely on Government as The Last Real Insurance Program
- No Government Can Support This Role on a Long Term Basis
Planning Must Be Self-Reliant

- It Must Start With Strategic Objectives
- It Must Include The Market
- It Must Account For Customer Changes
- It Must Account For Competitors
- It Must Include Outsourced Support
- It Must Account For Supply Chain Limitations
- It Must Account For Revenue Chain Limitations
Planning Must Be Based On Strategic Goals

Sun-tzu

*Chinese general & military strategist (~400 BC)*
Planning Must Be Based On Strategic Goals

- Strategy without tactics is the slowest route to victory.
- Tactics without strategy is the noise before defeat.

Sun-tzu
Chinese general & military strategist (~400 BC)
Internal Procedures Cannot Ensure Survival

- Mission Critical Operations Are Not Permanent
- Mission Critical Changes With Customer Changes
  - Markets
  - Product Lines
  - Reason For Use or Purchase
  - New Competitors
- Mission Critical Operations Are Tactical & Operational Level Issue
- Without Strategic Direction Survival Is In Question
Activity Trap

- Processes and procedures are developed to achieve an objective (usually in support of a strategic objective).

- Over time goals and objectives change to reflect changes and new opportunities. However, the processes and procedures continue on.

- Eventually, procedures become a goal in themselves – doing an activity for the sake of the activity rather than what it accomplishes.

- We’ve always done it that way!!!
Procedures Have To Be The Flexibility Point
Not the Predefined Base of Recovery

- Strategic Goals & Objectives Must Be Inflexible
- Tactical Factors Must Be The Point of Flexibility In a Company
- Therefore We Must Not Start Planning With The Tactical Factors (Mission Critical Operations)
- We Must Start With The Strategic Goal That Are In Jeopardy.
Companies Need New Tactics For Strategic Goals During a Disaster

- Interruptions of Normal Operations (Unanticipated Business Situations) Impact:
  - Customer Confidence
  - Investor Confidence
  - Supply Chain Confidence
  - Competitor Opportunities
  - The Company Itself
    - Physical Assets
    - Employee Confidence
    - Bank/Loan Certainty
Too Many Times Existing Procedure Will Not Work

- Interruptions in Normal Operations Have Too Many Possible Impacts To Be Certain That Any Historical Procedures Will Ensure The Company Strategic Goals
- To Found A Plan On Internal Procedures Without Full Understanding Of Their Current Value Can Be Fatal For A Company.
Current Business Continuity Planning Protocols Are “Activity Trap” Recovery Programs
Companies Need The Ability To Protect Market Share & Revenue Sources
Survival Is Tied To Revenue Not Procedures
BCP’s Must Start With The Company’s Strategic Goals

- In Order To Keep Companies “On Track” You Have To Understand What The Strategic Goals Are
- So BCP’s Supports A Company’s Strategic Goals
Business Impact Analysis Are The Traditional Foundation For Business Continuity Plans

Most BIA’s can take as long as 3-6 months to complete
Life Expectancy of Strategic Plan is 60-90 Days

- Most Strategic Plans Evolve During The Course of Their Life
- Strategic Goals Do Not Change, But Strategic Factors Do Change
- Evolution Starts Within 60-90 Days Of Plan Completion
BIA’s Are Completed & Strategic Plan Is Changing

- If BIA’s take 3-6 Months to Complete, They Are Out Of Date
- BCP’s Founded On BIA’s Will Be Behind The Change Curve That Is Impacting Company’s Daily Decisions To Compete Profitably
BIA’s Are Never Timely Enough To Help Recovery

- Dynamic Conditions In The Market Will Define Tactics Needed To Achieve Company Goals
- Using Internal Procedures As The Foundation For Recovery Planning May Place A Company Out of Sync With Their Markets.
New Planning Must Start Outside of Company Not Internally In Company

- What Are Competitive Factors
- What Are Customer Factors
- What Is Current Strength Of Product or Service In Market
  - Are We The Only Product
  - Are We The Most Expensive
- What Is The Current & Planned Interest Rate Position
- What Is The Investor Market Like
- How Reliable Is The Supply Chain Market
- How Reliable Is Out Sourced Market
Complexity of Current Business Environment

- Most Businesses Are International or Impacted Internationally
  - International Suppliers
  - International Consumers
  - International Support Operations

- Most Businesses Are Vulnerable To
  - Money Exchange Changes
  - Border Closures
  - Political Factors
A Pandemic Will Be the Next Major Learning Issue

- A Pandemic Caused By The Bird Flu Will Cause Katrina Type Impacts To Companies On a Worldwide Basis.
- Survival of A Pandemic Will Require A Strategic Based Plan
- New Tactics Will Become Common Solutions To The Preservation of Market Share & Revenue Streams

- A Pandemic Will Result In The Same Impact Factors As Katrina In New Orleans
  - Loss of Customer Revenue
  - Loss of Operational Facilities
  - Loss of Staff
  - Loss of Infrastructures
  - Loss of Supply & Support Chains
- Innovation & Flexibility Will Be Keys To Surviving a Pandemic
- Market/Customer Will Be The Key To Surviving a Pandemic
By Including Business Continuity Into The Company’s Strategic Thought Capability, You Will Strengthen The Company’s Ability To Identify and Successfully Respond To Unexpected Events.
The Greatest Threat To Survival?

- What Risk Factor Puts More Businesses Out of Business Every Year Than Any Other Risk Factor?

- **Competition!!**
Management Experience

- Company Management Is Used To Dealing With Survival Issues
- Broaden Their Awareness To Include Threats That Are Not Directly Business Related:
  - Storms
  - Fires
  - Man-Made
- Existing Management Skills Work For Both Types of Disasters
ON PLANNING

“In Preparing For Battle I Have Always Found That Plans Are Useless, But Planning Is Indispensable.”

Dwight David Eisenhower
The Art of Business Continuity

The art of war teaches us to rely not on the likelihood of the enemy's not coming, but on our own readiness to receive him; not on the chance of his not attacking, but rather on the fact that we have made our position unassailable.

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Chinese general & military strategist (~400 BC)