

Disaster Proofing Your Business

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In today's constantly changing and competitive business environment, access to the company's key data and information resources is more critical than ever before. Regardless of business size and type, not having timely access to company data, information, and human resources can be devastating to the revenue stream, maintaining current client accounts, or supporting governmental mandates. Developing an effective and efficient business contingency plan ensures informational resources are available prior, during and following a business interruption event. There are four (4) key components to business contingency planning:

1. Business Impact Analysis & Assessment (BIA)
2. Disaster Recovery Plan (DRP)
3. Business Continuity Plan (BCP)
4. Exercise & Maintenance (Test)

From a contingency planning perspective, a DRP ensures the protection of data back-ups and safe storage of duplicate information (data and paper) so that business-critical information cannot be lost or damaged from an interruption event. Equally important, a BCP ensures the continuous availability of critical systems, processes and networks. Business continuity is the operational glue that keeps the doors to a business functionally open during system outages, system upgrades, physical moves, or during batch window processing.

By definition, a "disaster" is any event that can cause a significant disruption in operational and/or computer processing capabilities for a period of time that affects the operations of a business. Disasters come in three forms: natural, human and technical. Examples are:

- Natural-- floods, tornados, earth quakes, severe storms (rain/ice/snow)
- Human-- terrorist activity, electronic security breaches, civil disorder
- Technical-- power failure, hardware or software failure, software virus

Technology Affects Business Continuity

From a business perspective, there are three major areas of technology that increase the need for a business to invest in business contingency planning:

1. The Internet
2. Broadband and storage
3. Information integration

The Internet allows companies to be more geographically dispersed, virtual in nature – and increasingly mobile. A multi-located manufacturing business that loses physical or virtual connectivity can encounter immediate losses in revenue,

disgruntled clientele, and the inability to communicate with key personnel. Broadband and storage is simply the amount of information transferred and/or stored at any single point in time. In less than ten years, broadband and storage requirements have increased by two orders of magnitude! Hardware/software problems or loss of telecommunications infrastructure significantly increases downtime and cost of operations. Information integration is the ability for companies to purchase business software that simultaneously touches multiple revenue dependent points within the enterprise. Having multiple business functions dependent upon an integrated software solution increases the magnitude of data loss as a function of generating revenue. Each of these technology forces demands a greater degree of information availability and enhanced awareness of disaster and business continuity planning.

Continuity Planning Is Key

Traditionally, business owners and their IT staff have assumed that backing up company files and records guarantees ongoing information availability. Depending upon physical location, type of technology used, frequency, and level of data integrity this process falls short of ensuring the continuation of mission critical operations.

To make certain that mission- critical systems, networks and business processes are always available, every business should have an active or “live” Business Continuity Plan in place. An effective Business Continuity Plan includes the following objectives:

- Continuation of business operations
- Identifying and streamlining recovery processes
- Identification of critical lines of business and/or applications
- Minimizing immediate technological damage or loss
- Minimizing financial loss
- Reducing downtime

The cornerstone of the continuity plan is what’s known as a Business Impact Analysis, or BIA. The BIA includes a business and technology audit, business risk analysis, and business risk assessment. The purpose of the BIA is to identify and assess the magnitude of risk and financial loss incurred to a business in case of a business interruption event. Finalizing a BIA is critical when developing the business risk mitigation strategy while ensuring an effective and working continuity plan.

A vast number of business owners and executives today are either minimally prepared, have not reviewed their current plan for four to five years, are too busy to develop a plan, are short on human resources, or simply don’t know how or where to begin. The need for business continuity planning and support will continue to intensify, as business needs become more demanding. New and

emerging technologies, customer and employee demands, and regulation will further drive this need.

Compared to the alternative, developing and maintaining a disaster recovery and business continuity plan is a financially sound and time efficient choice. Uncertain where to begin? Contact a risk management services company with core competencies in end-to-end business contingency planning.

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