



Business Continuity Management

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“Failing to plan is planning to fail.”
- Alan Lakein

“A good plan executed today is better than a perfect plan next week.”
- George Patton

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What is Business Continuity?

Proactive discipline of identifying vulnerabilities and risks, and planning in advance how to mitigate, accept or assign them in the event of a business disruption.

Acronym Soup: BCP, DR, EBR
What Does it All Mean?
As published in Disaster Recovery Journal and originally published in Forsythe Focus by Michael Croy and James E. Geis

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Why Business Continuity?

- Protect Employees and Assets
- Minimize Impact to Members
- Regulatory Requirements


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Regulation

- FFIEC Business Continuity Planning Handbook
- NCUA Guidance
 - Letter to Credit Unions 08-CU-01
 - Letter to Credit Unions 06-CU-06
 - Letter to Credit Unions 02-CU-17
 - Letter to Credit Unions 01-CU-21
 - Letter to Credit Unions 98-CU-12
 - NCUA Rules and Regulations Part 749


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NCUA Examination


Planning – Ensuring Financial Services to Members
Resources – Allocation of Sufficient Equipment and Facilities
Evaluation – Testing of Contingencies for All Critical Systems
People – Maintaining Readiness of Staff and Officials
Alliances – Established Relationships with Other Organizations
Review – Updating Internal Plans for Effectiveness
Experience – Incorporate Lessons Learned


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Business Continuity “is ‘business driven’ and is therefore dependent upon involving the business side of any organization.”
-Business Continuity Management


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Statistics

- 1 in 4 companies had experienced a disaster in the past 5 years
DRM via study conducted by Comdisco, Bell South, and Oracle in November 1999
- 50% of companies having a disaster without a plan go out of business within 2 years
IBM's Business Recovery Services Study
- 80% of companies that have an extended disaster are out of business within 5 years
University of Minnesota Study of Disasters


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Board and Senior Management Responsibilities

- Establish policy
- Allocate knowledgeable personnel and sufficient resources
- Ensure BCP is independently reviewed and approved annually
- Ensure employees are trained and aware of their roles
- Ensure BCP is exercised on an enterprise-wide basis
- Review BCP exercise program and results on a regular basis
- Ensure BCP is continually updated to reflect the current operating environment
- Review and approve the BCP at least annually

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Key Points

- Must have support from Board of Directors and Senior Management
- Must have support from Organization
- Must have a Business Continuity Champion
- Must be a process and not a project

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“Business continuity is not a project with a beginning and ending date, it is a program to be managed indefinitely.”

– Business Continuity Management

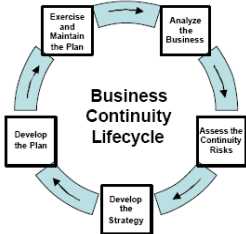
“Planning is easy – it’s doing the work that’s difficult.”

– Mel Gosling


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Business Continuity Lifecycle



Business Continuity Lifecycle

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Analyze the Business

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Analyze the Business

Business Impact Analysis (BIA)

- Identifies critical business processes, recovery priorities, interdependencies, and resource requirements
- Identifies the impacts resulting from disruptions and identifies maximum allowable downtime
- Establishes recovery time objectives (RTOs) and recovery point objectives (RPOs)
 - The RTO defines the maximum tolerable length of time a service can be unavailable
 - The RPO defines the acceptable amount of information that can be lost due to a disaster event

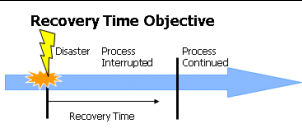
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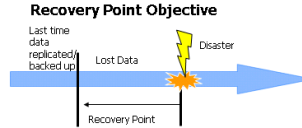


RTO & RPO

Recovery Time Objective




Recovery Point Objective






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Assess the Continuity Risks









Assess the Continuity Risks

Continuity Risk Assessment



- Determines the events and external surroundings that can adversely affect the organization and facilities with disruption and/or disaster, the damage such events can cause, and the controls needed to prevent or minimize the effects
- Two components comprise a Continuity Risk Assessment - Threat Analysis and Business Process Gap Analysis
 - The threat analysis documents the assessment of the known human, natural, and technical threats to the organization
 - The business process gap analysis documents all business processes identified in the BIA and then is used to evaluate whether BCP exercises have validated that the plans are adequate to achieve recovery time and point objectives for critical processes







Business Process Gap Analysis


Business Process	Asset Criticality	BIA Assumptions		BCP Validation	Gap Recommendations/Observations/Findings
		RTO	RPO		
Member Services	Critical	4 hrs	24 hrs	Yes	
ADK	Critical	4 hrs	4 hrs	Yes	
Wires	Critical	4 hrs	1 hr	Yes	
Lending	Essential	8 hrs	24 hrs	Yes	
Accounts Payable	Important	120 hrs	48 hrs	No	Exercise not required - RT0 > 48 hrs
Marketing	Important	120 hrs	48 hrs	No	Exercise not required - RT0 > 48 hrs








Develop the Strategy

- Develop and implement preventative controls to avoid the impact of threats
- Develop and implement business continuity strategies to address events in which no preventative control exists or the existing preventative control fails
- Scenarios to address should range from non-catastrophic outages of individual computing systems or business processes to catastrophic outages that require relocation of the entire operation


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Examples of Strategies

- Shared Branching
- Data Backups
- Generator
- Cash Availability
- Marketing program for direct deposit
- Reciprocal agreement with another credit union
- Insurance
- Methods of Communication
 - Member Communication
 - Employee Communication


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“Lack of, or poor, communication is one of the most common causes of failure. Remember, if you don’t communicate – someone else will.”

– Mel Gosling


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“The telephone company is urging people to *please* not use the telephone unless it is absolutely necessary in order to keep the lines open for emergency personnel. We’ll be right back after this break to give away a pair of Phil Collins tickets to caller number 95.”

- Los Angeles disc jockey, right after the February 1990 earthquake


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Communication Considerations

- Calling trees
- Text messaging
- Satellite phones
- Web-based notification tools
- GETS/WPS
- Determine evacuation locations in advance
- Contact information (Employees, Board, Members, and Critical Service Providers)
- Inform membership and employees of communication methods during disaster (website, emails, emergency hotline, etc.)


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Backup Site

- **Hot Site** – An alternate facility that already has in place the computer, telecommunication, and environmental infrastructure required to recover critical business functions or information systems
- **Warm Site** – An alternate processing site which is equipped with some hardware, communication interfaces, electrical and environmental conditions. The warm site is only capable of providing backup after additional provisioning, software, or customization is performed
- **Cold Site** – An alternate facility that already has in place the environmental structure required to recover critical business functions or information systems, but does not have any pre-installed computer hardware, telecommunications equipment, communication lines, etc
- **Reciprocal Agreement** – Agreement between two organizations (or two internal business groups) with similar equipment/environment that allows each one to recover at the other’s location


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Considerations for Backup Site


- Staffing
- Processing Time Availability
- Access Rights
- Hardware and Software
- Security Controls
- Testing
- Confidentiality of Data
- Telecommunications
- Space
- Paper Files and Forms
- Printing Capacity/Capability
- Contacts


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Develop the Plan

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“Plans are nothing. Planning is everything.”
- Dwight Eisenhower

“What we anticipate seldom occurs, but what we least expect generally happens.”
- Benjamin Disraeli

“We don’t have a plan, so nothing can go wrong.”
- Spike Milligan


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Develop the Plan


- Should have Board-approved policy governing the Business Continuity Program
- The plan must address all critical business processes, not just IT
- The plan should address a wide range of contingency scenarios from minor disruptions to total loss of facility
- Business Continuity software is not required. The plan can be constructed using tools you already have


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Develop the Plan


- Emergency Response Plan
- Communications Plan
- Evacuation Plan
- Disaster Declaration Plan


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Planning Tips

- Keep it simple
- Make it logical
- Walk through each step of scenario
- Address wide range of scenarios
- Contact Information (Members and Employees)
- Vendor Information
- Communicate ahead of time how you will communicate during a disaster
- Media Spokesperson


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Exercise and Maintain the Plan

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Exercise and Maintain the Plan

- Plans should be reviewed and maintained at least annually
- Exercises should be conducted at least annually
- Simulate real scenarios as closely as possible when exercising to gain comfort that current strategies and plans will work
- Validate RTOs and RPOs are attainable
- Update the plan with lessons learned
- A copy of the plan should be maintained off-site

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“Those who do not learn from history are doomed to repeat it.”
- George Santayana



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Exercise Considerations

- The breadth and depth of the exercise activities should be commensurate with the importance of the business process to the institution, as well as to critical financial markets
- Enterprise-wide exercises should be conducted at least annually, or more frequently, depending on changes in the operating environment
- Exercising should be viewed as a continuously evolving cycle, and institutions should work towards a more comprehensive and integrated program that incorporates the exercising of various interdependencies
- Institutions should demonstrate, through exercising, that their business continuity arrangements have the ability to sustain the business until permanent operations are reestablished








Types of Exercises

Tabletop Exercise/Simulated Walk-Through Exercise

- Attendance of business unit management representatives and employees who play a critical role in the BCP process
- Discussion about each person's responsibilities as defined by the BCP
- Individual and team training, which includes a walk-through of the step-by-step procedures outlined in the BCP
- Clarification and highlighting of critical path elements, as well as problems noticed during each exercise








Types of Exercises

Walk-Through Drill/Simulation Exercise

- Attendance by operational and support personnel who are responsible for implementing the BCP procedures
- Practice and validation of specific functional response capabilities
- Focus on the demonstration of knowledge and skills, as well as interaction and decision-making capabilities
- Role playing with simulated response at alternate locations/facilities to act-out critical steps, recognize difficulties, and resolve problems in a non-threatening environment
- Mobilization of all or some of the crisis management team to practice proper coordination without performing actual recovery processing
- Varying degrees of actual, as opposed to simulated, notification and resource mobilization to reinforce the content and logic of the plan








Types of Exercises

Functional Drill/Parallel Exercise

- A full exercise of the BCP, which involves all employees
- Demonstration of emergency management capabilities of several groups practicing a series of interactive functions, such as direction, control, assessment, operations and planning
- Exercising medical response and warning procedures
- Actual or simulated response to alternate locations or facilities using actual communication capabilities
- Varying degrees of actual, as opposed to simulated, notification and resource mobilization in which parallel processing is performed and transactions are compared to production results

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Types of Exercises

Full Interruption/Full-Scale Exercise

- Enterprise-wide participation and interaction of internal and external management response teams with full involvement of external organizations
- Validation of crisis response functions
- Demonstration of knowledge and skills as well as management response and decision-making capability
- On-the-scene execution of coordination and decision-making roles
- Actual, as opposed to simulated, notifications, mobilization of resources, and communication of decisions
- Activities conducted at actual response locations or facilities
- Actual processing of data using back-up media
- Generally extend over a longer period of time


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Plan Exercises

- Disaster Declaration (Full Scale)
- Scenario Outage (Table-Top)
- Employee Notification (Functional)
- Contingency Communication (Functional)

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Pandemic Planning

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Pandemic Planning

- An **epidemic** is an outbreak of a contagious disease that spreads rapidly and is generally localized
- A **pandemic** is best described as a world wide epidemic
- **H5N1** is better known as avian influenza or bird flu. Several variations of avian influenza exist such as H5N1
- **H1N1** is better known as swine flu

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Pandemic Planning

Business Continuity Planning generally has two assumptions:

- Back to "business as usual" in a reasonable amount of time
- Go from "affected" site to "unaffected" site and continue business



Neither apply with a pandemic event

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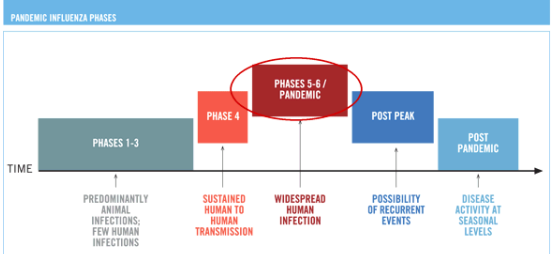
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Previous Pandemics

- Spanish Flu (1918-1919) – It is estimated that between 20 and 40 million people were killed by the virus. Most deadly for people ages 20 to 40.
- Asian Flu (1957-1958) – It is estimated that approximately 2 million people were killed. Second most fatal pandemic in history.
- Hong Kong Flu (1968-1969) – Approximately 700,000 deaths worldwide. Considered to be the mildest pandemic in history. Did not gain momentum until late months of the year

WHO 6 Phases of Pandemic Alert





CDC Recommendations

Take 3 Steps to Fight the Flu:

1. Take time to get vaccinated
2. Take everyday preventative actions
3. Take flu antiviral drugs if recommended


Stay home from work until you are fever free for 24 hours without the aid of fever reducing medications.


For additional information visit:
<http://cdc.gov/h1n1flu/>

FFIEC Business Continuity Planning Handbook

- “financial institutions should have plans in place that describe how they will manage through a pandemic event.”
- The BCP should provide for:
 - A preventative program
 - A documented strategy
 - A comprehensive framework of facilities, systems or procedures
 - A testing program
 - An oversight program to ensure ongoing review

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FFIEC Business Continuity Planning Handbook

- Board of Directors is responsible for overseeing the development of the pandemic plan
- Senior Management is responsible for developing the pandemic plan and translating the plan into specific policies, processes, and procedures


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Pandemic Planning

Considerations for Business:

- Awareness (Personal hygiene, social distancing)
- Personal Protective Equipment (Masks, gloves, hand sanitizers)
- Eliminate face-to-face meetings
- Work from Home
- Communication
- Travel Restrictions

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Pandemic Planning

Considerations for Home:

- Store 2 weeks of non-perishable foods. This should include food that does not require refrigeration, preparation (including the use of water) or cooking
- Store at least a 2 week supply of water: 1 gallon per person, per day, in a clean, plastic container
- Ensure that formulas for infants, special needs for children, and prescriptions/special medications are included in supply planning
- It is possible that schools and daycares will be closed, or that medical facilities might be disrupted


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Lessons Learned from H1N1 Pandemic


- Improvements
- What worked


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Reporting and Other Considerations


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Reporting


- Review and approve the BCP at least annually
- Regularly report exercise exceptions to Board of Directors and Senior Management
- An audit should be conducted annually on Business Continuity


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Other Considerations

- Vendor Due Diligence
- Employee Needs
- Emergency Training
- Cross Training/Succession Plan

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References and Websites


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U.S. Pandemic Flu Information


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