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DRIE Digest

Disaster Recovery Information Exchange

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Weatherproofing your business from SEVERE WEATHER

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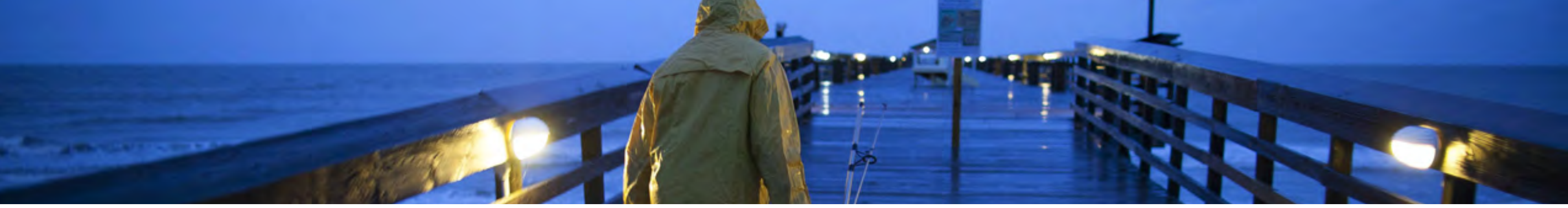
'Batten down the hatches' is a nautical term meaning to secure a ship's hatch-tarpaulins, especially when rough weather is expected. This to close the doors to the outside as protection against bad weather. One can do the same for a business in advance of severe weather such as hurricanes.

According to the World Health Organization (http://www.who.int/en/), "natural" disasters can be seen as earthquakes, hurricanes, and for which there is little or no warning. A disaster is defined by the United Nations Office for Disaster Risk Reduction (http://www.unisdr.org/) as a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources. These events occur without time to complete a full evacuation. When a natural disaster occurs, history has shown we can expect operational impacts to business and organizations in meeting their obligations to customers.

Hurricane Sandy in 2012 (aka "Superstorm Sandy") rated as a Category 2 wasn't destined for the history books as one of the greatest storms ever to hit the Northeast, but that's how it turned out. Previously we had Hurricane Katrina in 2005 a



Category 5. And this September in the Atlantic we have had Hurricane Harvey (Category 4) and Hurricane Irma (Category 5) to date. As you read this article Hurricane Jose and Hurricane Maria are underway. From a probability and impact perspective one could argue Hurricanes are moving up the threat list as they seem to be occurring more frequently.

The National Oceanic and Atmospheric Administration's GOES East satellite captured this visible image of Hurricane Irma at 10:37 a.m. EDT on Saturday (Sept. 9) when it was a Category 4 storm.
Credit: NASA/NOAA GOES Project

The jury is still out on the impact to, or preparedness of business from Hurricane Irma. Lessons learned by businesses that weathered Hurricane Sandy included:

- extensive power outages,
- loss of both primary and work alternate sites,
- fuels shortages,
- staff shortages,
- both highways and public transit (transportation) were impacted more than expected.
- intermittent wireless and congested telecommunications were the norm.
- Recovery of some supporting infrastructure lasted longer than expected.

All of the above could greatly impact your business. Finally, personal preparedness was no longer seen as 72 hours but rather 7 days. Before we explore planning for Hurricanes and business disruption, the most important planning aspect is for your employees, their families and the community. Useful information on protecting your family, pets and animals and your home can be found with the Government of Canada website at: https://www.ready.gov/

'Business Risk' is something that all organizations face and comes in many varieties. It is important to identify, rank, rate and quantify risk so that adequate mitigation plans are in place to deal with it. In my practice and experience the identification, assessment, and prioritization of risks is followed by implemented 'controls' to minimize, monitor, and control the probability and/or impact of the risk (or to maximize the realization of opportunities). Risk actions include:

- Risk Acceptance (we can accept and live with it)
- Eliminating Risk (if we do this it won't happen)
- Mitigate Risk (if we do this it won't be so bad)
- Risk Transfer (shifted to another 3rd party (typically an insurer or new owner))

Regarding insurance (typically known as Business interruption insurance) keep in mind that it covers the resultant loss of business gross profit following an insured event such as storm. In most cases the loss will be due to damage at the Insured premises but there are other circumstances that are permittable depending on the policy you have is set up. It is always prudent to discuss this weather-related risk with your advisor and understand what coverage is in place and for which weather events and other circumstances a claim will be accepted.

Risk Controls are actions taken by the organization (if we do this) which are intended to proactively reduce or eliminate risks identified. The greater the 'risk control capability' (n+1) – the greater the cost. Business Continuity Management (BCM) itself is deemed a 'Risk Control' (action) which has the ability to manage the risk by building 'response plans' or physical diversity or redundancy with facilities, operations, and the work place. General risk controls can be applied and used in various circumstances.

Some Risk Controls (strategies) to Mitigate/Manage 'Business Risk Concerns' can be applied to various business interruption threats that include:

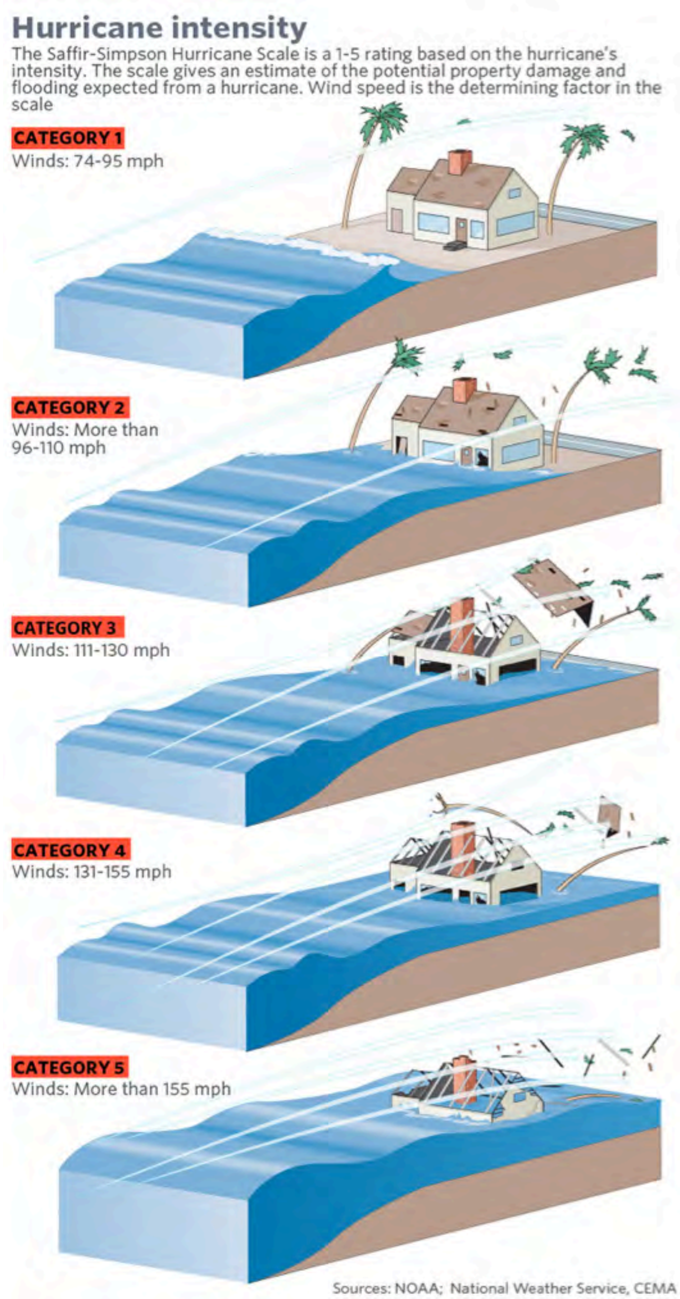
- Data Centers for IT regular Production or Recovery Sites (Hot, Warm, Cold)
- Virtualization and Cloud Computing environments
- Documented continuity and recovery plans
- Alternate / multiple office sites (and distributed workforce)
- Utilizing external vendors/partners (out sourcing)
- Back up (alternate) infrastructure (power supply, communications, networks etc)
- Cross training of staff to support and preserve operations
- Deploy and exercise Incident Management protocols

In 2017 natural disasters seem to be coming from all directions there have been floods, earthquakes, wildfires and catastrophic hurricanes such as Hurricane Harvey and Irma . While the Canadian east and west coastal provinces feel the direct impacts of hurricanes, other provinces can feel the collateral effects from all Hurricanes reaching landfall as they weaken into a tropical storm. When a single disastrous event occurs to your organization (localized) it is different than a widespread natural disaster that affects a larger area, number of people and businesses. I call this 'regional in nature' and Canadian examples include the 2013 flooding in Calgary and Ice Storms in Toronto, the annual flooding in southern Manitoba, and wildfires of Fort McMurray in 2016. When a regional disastrous event occurs, organizational resources are firstly allocated to survival mode in dealing with employee and community safety. Secondly they focus on operations and ensuring your deliverables reach your customers as usual. This can be complicated by the ability of availability of staff who may be dealing with home front issues, source and delivery of supplies from vendors, infrastructure failures (i.e. commercial power) and any needed repairs to facilities.

The statistics are for companies that experience business interruptions on which products and services cannot be delivered in lost revenues accompanied by the loss of client confidence. Many unprepared businesses run the compounded risk of never really recovering.

Business Continuity (BC) is defined as the capability of the organization to continue delivery of products or services at acceptable predefined levels following a disruptive incident. (Source: ISO 22301)

Business Continuity Management (BCM) is defined as a holistic management process that identifies potential threats to an organization and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. (Source: ISO 22301)



A structured approach to Business Continuity planning should focus on operational process, functions and supporting technology. It should address these issues as well as identifying strategies which will help the business survive a disaster and deliver mission-critical services. All business should consider planning for:

- Your office building or production/manufacturing facility is unavailable, damaged or destroyed
- The loss or unavailability of operational staff and management for extended periods of time.
- The supply of commercial power, water, natural gas and diesel/gasoline has become unavailable or intermittent
- The supply chain needed to complete your organizations work in providing a finished product or services to you customer regardless of where they are located is also unavailable or intermittent

Whether you are a national company or a small business with just a few employees, companies can benefit from a simple business continuity plan (BCP) allowing you to hit the ground running when crisis strikes. The BCP Plan is an organized set of tasks and procedures deployed within your organization to identify resources so the business can respond to the business disruption. This ensures your essential business services remain operational. Proactive planning and the development of business continuity plans before the interruption occurs will allow you to hit the ground running.

According to ISO 22301:2012 (BCM best practices), an organization is required to determine the critical activities, tolerable periods, its IT recovery time objectives (RTO), and the minimum performance level at which each essential function needs to be performed. The (dreaded) business impact assessment (BIA) is the point that supports the business continuity management process, enabling the organization to identify essential processes/functions (BCP) and technology infrastructure (known as Disaster Recovery Plans (DRP)). It has been suggested by BCM practitioners to assume an all hazards approach within BIA with the outcome pointing organizations to areas of the business that required the development of BCP and or DRP plans for items at risk regardless of cause. (e.g. it does not matter why the office is not accessible or closed for business, …'it just is'). Hazards that may cause business interruption include:

- Natural disasters such as hurricanes, tornadoes, floods, earthquakes and wild/forest fire
- Accidents and Criminal events
- Sabotage (employee or other)
- Commercial Power disruptions
- Communications, transportation, safety and service sector failure
- Environmental disasters such as pollution and hazardous materials spills
- Cyber-attacks and hacker activity

BIA's can also identify a single point of failure within a business which may require the need to:

- Cross train staff at support critical business processes for abnormal absenteeism and long-term staffing shortages.
- Properly prepare employees in preparing themselves and their families at home so they can report to work when needed following a crisis.
- Telecommuting (work-from-home) should address telecom and connectivity to LAN files and applications issues before a crisis.
- If you have generators to support the loss of commercial power, fuel supplies can become scarce.

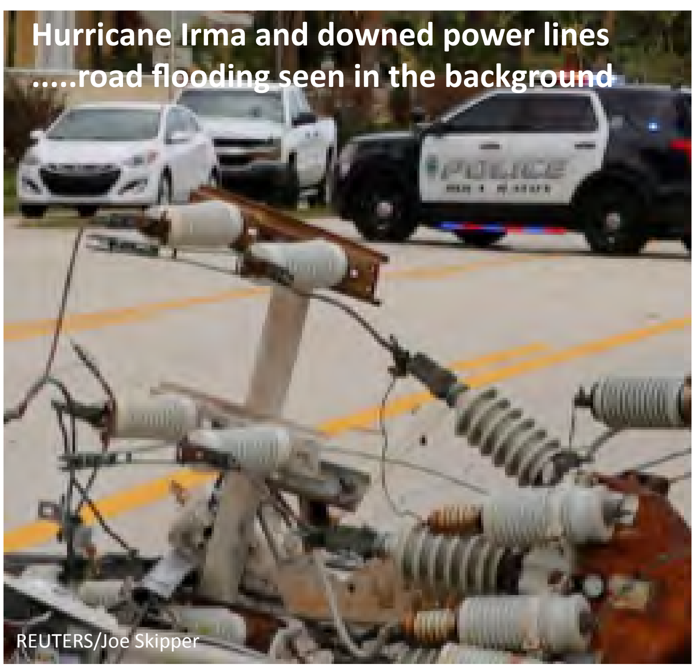
A good practice is having more than one fuel vendor, and ensuring they are outside your geographic area.

- Ensure you have alternative means of powering mobile devices.
- Use third parties for mass crisis communications alerting for both staff and customers
- Diversify your telecommunications with more than one service provider

Once any BCP's or DRP's are developed the next and most important step to be conducted on an annual basis is exercising (testing) the plans to ensure they meet business performance requirements and the organization has the resources and information needed to deal with such emergencies. Also Involve your critical vendors and suppliers in any BCP and DRP exercises to validate their business interruption plans will serve your needs appropriately. As the old saying goes 'You're only as strong as your weakest link'.

If hurricanes are in your business risk profile, consider the following hurricane planning practices, in advance of the 'severe weather striking'. They will allow you to achieve your goal of protecting or mitigating impacts to staff, operational functions, technology. They will also ensure that your end product or service reaches your customers regardless of geographic location

Hurricane Irma and downed power lines .....road flooding seen in the background



REUTERS/Joe Skipper

1. Develop a Comprehensive Threat specific (for hurricanes) Response Plan. This plan should address employee safety regarding hurricanes, business continuity (operating from remote sites) and technology contingency plans (integrity and availability of business s data). This also includes protection and security of information (customer and staff).

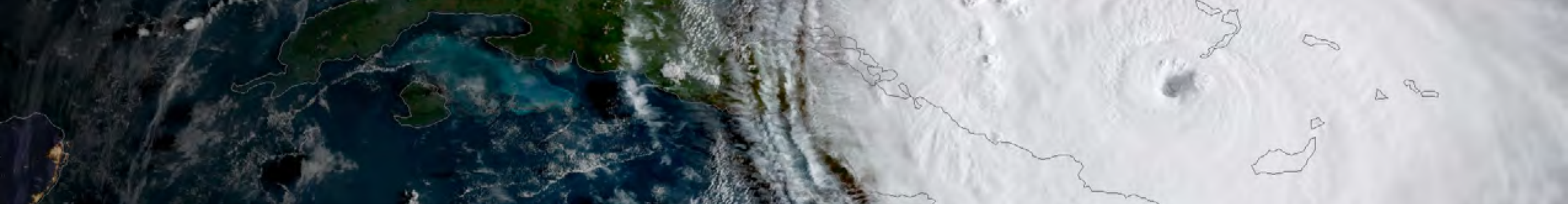
2. Establish an Incident Commander and have an emergency operations center (EOC) with defined roles and responsibilities to address the integrity of preserving essential business functions. Remember the assignment of qualified alternates for emergency management staff as hurricanes (and other business impacting incidents) can last for days.

3. Collaboration with external sources means integrating your Threat specific (for hurricanes) Response Plan with other businesses in your building or area (even competitors), as well as, with local emergency services and critical infrastructure providers (police, fire department, hospitals, and utility companies). Include your critical suppliers, partners and vendors where needed.

4. Have a crisis communications plan. Communicate your hurricane plan with your all staff and key stakeholders to ensure the understanding of roles and responsibilities and expectations associated with, response, recovery, and business priorities are aligned.

5. Exercise (test) your threat specific (for hurricanes) Response Plan annually with all key stakeholders and adjust the plan to address any identified gaps.

From a national resiliency planning point of view, Canadian business is essential to the resilience of Canada. Canadians depend on goods and services such as water, food, gasoline, electricity and insurance to reduce the impact of disasters. As the main employer in Canada, the Private Sector provides livelihoods and economic security to millions of Canadians. In 2005, Canada adopted the Hyogo Framework for Action



(HFA). This United Nations resolution sought to reduce the impact and frequency of disasters. In 2015, the Hyogo Framework (2005 - 2015) was replaced with the Sendai Framework (2015 - 2030). Canada's Platform continues to provide leadership, collaborative for an consultative forum in the achievement of the 4 Sendai priorities: Increase risk awareness, improve risk governance, increase investment in resilience, and build better. For more information:

https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/dsstr-prvntn-mtgtn/pltfrm-dsstr-rsk-rdctn/index-en.aspx

Planning for hurricanes or any other risk event that may impact your business is simply a good business practice. It is not always about plans and processes. A great plan must consider the organizational culture within the company. As businesses transform mitigation planning towards a 'build it right' approach, resiliency and agility are key elements. The best prepared plan may have its challenges when activated under crisis conditions. Are you prepared for the next significant event impacting your business? Consider:

- Business Resiliency is a destination, Business Continuity will take you there
- Where to start -- Risk Based Approach, know what you have and prioritize by risk
- Learn from lessons learned as you cannot predict a disaster but you can plan for one

About the Author

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