Risk Control

Business Continuity Planning - A First Step: Organizational Assessment

Introduction
Each year, thousands of businesses and organizations are affected by man-made and natural disasters. Fires, tornadoes, hurricanes, floods, explosions, winter storms and earthquakes cause extensive damage and disrupt the ability to operate. It has been estimated that over 40% of businesses closed by a catastrophe or disaster never reopen. A pre-defined business continuity plan can help ensure your business does not add to this statistic.

Purpose
The purpose of the attached Organizational Assessment form is to help begin the process of business continuity planning. The questions have been designed to assist in the collection of information necessary to evaluate the potential impact of various adversities on business operations. Include as much detail as possible. As this assessment has been designed for universal application, and businesses and departments may operate differently, any questions that are not relevant should be marked as “N/A.” The completed assessment should be used in the development of a business continuity plan.

Definition
Business continuity planning can be defined as "planning to help ensure the continued availability of essential services, programs and operations, including all involved resources." Business continuity planning prepares an organization to respond to an interruption of essential business functions and provides the guidelines to fully recover operations, services and programs.

Justification
Every organization is at risk for business interruption to some extent. A fire, tornado, earthquake or explosion can result in major building damage. Water damage to contents and equipment from flooding originating from both interior and exterior water sources is not uncommon. A prolonged power outage, or damaged computer system or equipment can also shut most modern organizations down. After any such event, your facilities, inventory and essential information could be inaccessible for an extended period.

A properly designed business continuity plan is intended to help return an organization to pre-disaster operation as quickly as possible, with the ultimate goals of lessening the overall business impact of the event and ensuring the company survival.

Goals
A good business continuity plan:
- Identifies the pre-set arrangements needed on "stand-by" in order to get vital functions operating again with as little delay as possible.
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- Ensures the availability of necessary resources including personnel, information, equipment, financial arrangements, services and accommodations.
- Assures essential clients' needs are met until normal operations are resumed.

Prerequisites
Senior management must be actively involved in the development of a business continuity plan:
- Agreeing to the need.
- Assigning necessary resources for development.
- Concurring in the selection of essential activities and priority for recovery.
- Approving back-up arrangements and costs.
- Willing to authorize activation of the plan, should the need arise.

A large organization may require designation of a project manager to coordinate the various resources needed. Any plan should be developed with input from managers and employees at all levels. Someone should be assigned to keep the plan up-to-date, and to implement if necessary.

Steps
- Clearly define the essential aspects of your business.
- List in order of urgency and importance the essential activities that must continue for your organization to function.
- Determine the monetary impact on your organization of the loss of those essential functions.
- Involve all managers and key employees in the development of the plan in order to help ensure agreement, implementation, and success.
- Identify resources needed for recovery, where they can be acquired, and the costs involved.
- Address the requirement for alternative resources (e.g., accommodations, furniture, computers and other office equipment, phone service, essential records, and inventory items necessary to continue essential business functions). In the event of a widespread disaster such as a hurricane, keep in mind that resources normally available may be unavailable due to the same event impacting other nearby businesses.

Summary
Don't be intimidated or overwhelmed by the prospect of developing a business continuity plan. Develop a planning schedule and work on the plan step-by-step and in stages, if necessary. Remember that preparing a business continuity plan is not a "one-shot" project or a one-time activity but rather an integral part of an effective business strategy.

Make sure the plan is simple, straightforward, and easy to understand. In order to be effective, it must also be realistic, up-to-date, tested and familiar to those responsible for implementation, possibly in the midst of post-emergency chaos.

References

Note: The Organizational Assessment form begins on Page 4.
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For more information, visit our Web site at travelers.com/riskcontrol, contact your Risk Control consultant or email Ask-Risk-Control@travelers.com.

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Operations

1. Briefly describe the nature of your business.

2. Describe the product or service your business provides.

3. Does this function directly control the provision of services or support to internal or external customers?

4. Describe how your product or service is marketed and sold.

5. Describe materials that are considered critical to the business function and identify the source of the materials. Include materials received from other business functions.

6. Explain how materials or components that are used in the development or manufacture of your product are received and how the finished products are delivered.
7. List each of your company’s locations and departments; then explain the function or activities that occur at each (i.e., warehouse, manufacturing, sales, etc.).

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8. What is the capacity of each location/department and at what level are they currently operating?

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9. Describe any portion of your product or service that is subcontracted or performed by others.

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10. Would a delay in performing this function result in any fines or penalties for either failure to provide services to adhere to deadlines or government regulations, legal liability, personal damage, or other public harm? If so, describe.

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11. Is this function directly involved in activities that generate revenue? If so, describe (e.g., billing, sales).

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12. Identify any aspects of the function or database having an attraction to a fraudulent user.

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13. Does this function produce or does the database contain financial data? If so, describe type of data:

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14. Would inability to perform this function impact upon business operations so as to interfere with the provision of service to customers. If so, how (e.g., interactive online customer contact type systems, supernumber)?

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15. Summarize any other revenue-associated impacts related to inability to perform this function.

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16. Does this function involve identifiable records on persons or proprietary information? If so, what?

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17. Is there a record retention period required by law for information associated with this function?

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18. Do you have any computing responsibility for other business that must remain functional at all times? If so, what is the impact if your ability to provide this service is reduced or eliminated?

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19. Discuss your department’s interdependencies with other departments in such areas as sending or receiving information, materials, sub-assemblies, etc.

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20. What are your department’s peak production/sales times of week, month or year?

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21. List any key positions filled by employees with knowledge unique to your operation. Would this knowledge seriously affect operations if the employee was not available? Explain.

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22. Identify personnel with special knowledge or expertise needed to restore the function in the absence of normal facilities or equipment.

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23. What do you perceive as the greatest threat to your department’s continued operation?

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24. Who are the customers affected with the loss of your operation? (Other departments, general public, etc.).

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25. Are your sales dependent on a few customers?

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26. Do your customers have a business continuity plan?

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27. Do your customers have a critical time of day, year, etc., when your product or service is most critical?

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28. Are you a key supplier to any other department or function within your company or is any other department a key supplier to you?

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29. Explain the parts of your department that could be performed by an outside source.

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30. Is this function dependent upon service/products/equipment from a vendor/supplier? If yes, are they a sole supplier?

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31. What type of emergency response are your vendors/suppliers capable of providing to your organization in the event of a contingency?

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32. Does your vendor/supplier have a continuity plan?

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33. Do you have a list of alternate vendors/suppliers?

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34. What would be the impact to your department if your vendors or subcontractors cannot meet their commitments?

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Services

1. What are your electrical requirements as they relate to building services such as heat and air, any equipment or machinery such as 120v, 220v, 240v, 480v, three phase, etc., and how you tolerate power interruptions (back-up power source or separate sub-station feeds from the power company, etc.)? How long can power be disrupted before operations are significantly affected?

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2. What utilities are required for your department to function?

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3. Does your operation have any processes that have fresh water requirements or disposal requirements that would normally be supplied by local authorities or utility companies?

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4. Do you have any special disposal requirements?
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5. Which support services would severely impact this function if they were unavailable (i.e., telephones, power)?
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Communication

1. Discuss your department’s requirement for voice/data communication lines from the telecommunications supplier as well as internal needs (e.g., normal public telephone system, multiple line 800 service, LAN in a single location with no external connections, WAN connecting multiple locations with dedicated lines, etc.).
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2. In the absence of normal communication methods, how could this function be performed?
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3. Does your department operate a customer service function that requires phone availability?
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4. If telecommunications/network is used for input/output, can another means be used (e.g., mail service, courier service)?
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Transportation

1. Describe your fleet operations – type of vehicles, where they are garaged, radius of operations and whether it is subcontracted.
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2. Is your department dependent on any transportation system (i.e., company fleet, commercial carrier haulage or truck line, train, aircraft, etc.)?
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3. Is the mode of transportation used to receive or deliver goods and services dependent on a single route (i.e., one road, rail line or a single airline)?
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4. Describe any special requirements needed prior and during shipment of goods to protect from damage during transit, theft or misplacement.
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**Equipment**

1. Does your department require any special equipment that cannot be purchased locally within a matter of days? How long will it take to receive any special equipment from the supplier?
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2. List and briefly describe the use of each piece of manufacturing/processing or production equipment that is absolutely necessary for your department to continue to operate.
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3. List the building equipment that is absolutely needed for your department to function (lifts, elevators, heat, air, refrigerators, etc.).
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4. How could this function be performed in the absence of the above mentioned equipment (e.g. workspace unavailable, communication is interrupted, computer equipment not functioning, etc.)?
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## Risk Control

### Information

1. Have you identified critical applications/data files/information running on department PCs or LANs that could severely impact the business function if unavailable? What is the source of this information (Include information received from other business processes?)

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2. What is the maximum tolerable data loss window (If a day's input is acceptable, because it can be re-entered or otherwise recreated, specify one day?),

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3. Are system, application, and data file backups maintained current at an off-site (not in building) storage facility?

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4. Is there any real time processing of data? Explain.

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5. Is a copy of all documentation, including recovery procedures, maintained current at an off-site (not in building) storage facility?

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6. Identify any non-magnetic media that is part of the process (e.g., paper files, micro film, incoming mail, etc.)

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7. Do your PCs or workstations have surge protection?

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8. How often is the critical data of PCs, and LANs backed up and stored off-site?

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9. Can the user recreate all vital files that are not backed up at an off-site location?

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10. If the micro system was destroyed or in need of repair, can another system be used to avoid interruption of important processing?

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11. Is your department dependent on a common computer system? Explain.

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12. List the electronic or data processing equipment necessary for your department to function.

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13. Processing Hardware Platform? (Mainframe, PC, etc.)

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14. If computer processing service is interrupted, can this function be performed manually?

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15. If yes to above, how long can this function be processed manually, are there manual procedures currently in place and how long would it take to put manual procedures in place?

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16. Is there an operational (departmental) impact on the organization if this application is not processed?
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17. Is there a service (customer, vendor) impact on the organization if this application is not processed?
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18. Is this function automated, and if so, is it run on a mainframe, network, or PC?
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19. Identify any other functions that send information to or receive information from this function.
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20. Identify any periods during the week, month or year when performing this function or accessing this data is especially critical.
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21. List computer data that must be stored and where it is stored.
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Computer Facility

1. How dependent is the organization on the computer facility.
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2. What type of organization does the computer facility support (i.e., total organization located at a single site, corporate headquarters of sub-units at multiple sites, one or more sub-unit levels of a larger parent organization or other)?
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3. How dependent are the functional areas of the organization on the computer facility?

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4. Describe fire detection/suppression systems protecting the computer facility.

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Storage

1. Describe your department’s storage area. If your department is primarily storage/warehousing, then explain any special requirements (refrigerated, etc.).

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2. Explain if all of one commodity is in a single area or if it is spread over different areas.

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3. Is the commodity that is stored affected by air-borne contaminants, e.g., smoke, dust, etc.?

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4. If you lost your warehouse/storage area, how long would it take to replenish both raw materials and finished goods that are currently stored there?

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Products

1. Does your product invite any opposition from any special interest organizations?

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2. Do you have an emergency response team for handling product-related disasters?

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3. Has a hazard analysis been performed for each of your products?

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4. Are proper fabrication techniques utilized relative to the potential hazard your products present?

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5. Are your products conscientiously marketed?

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6. Do your products conform to all mandatory and consensus standards?

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7. Are all phases of your product’s lifecycle well documented (i.e., design, performance testing, hazard analysis, disposal)?

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Loss Experience

1. How many separate instances and over what period of time has your operation experienced an interruption?

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2. What has been the most serious incident and when did it occur?

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3. What was the length of delay?
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4. What was the cause of the delay?
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5. What was the effect of the delay?
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6. What was the overall business impact, in terms of interruption, revenues lost, additional expense or embarrassment?
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7. Have you ever had an interruption in the past and what was the effect on your department? What was the length of time your department was affected?
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