

Business Survival Newsletter

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BUSINESS SURVIVAL:

A BUSINESS CONTINUITY NEWSLETTER FOR DECISION MAKERS
FROM ROTHSTEIN ASSOCIATES INC.

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OUR FAVORITE QUOTE OF THE MONTH:

"They came to me to supervise the project, because I think that, if you know me at all, you know that death is my bread and danger my butter - oh, no, danger's my bread, and death is my butter. No, no, wait. Death is my - death and danger are my various breads and various butters," said Woody Allen in his 1966 film "What's Up, Tiger Lily."

11 BUSINESS CONTINUITY RULES TO WORK BY

It s human nature for people to feel they are unique after all, they are. The same applies to businesses, whether a neighborhood delicatessen or a multinational investment bank. But when it comes to contingency planning, these eleven basic rules apply no matter the size, nature or culture of a business:

- 1.Common sense rules. You don t have to be an expert to recognize the proverbial sword of Damocles hanging over your business. At the least, be prepared to deal with the high-probability threats and acknowledge the less likely possibilities.
2. It is better to avoid disruption in the first place than to cope with the pain, and expense of a corporate heart attack, wisely counsels Ken Brill, president of ComputerSite Engineering (Santa Fe, NM), a consulting company addressing continuous availability of computer and communications environments.

Continued

3. Don't wait there will never be a better time. It is easy to defer contingency planning: there is always going to be a more pressing priority until the day that the disaster happens. Start a continuity program, at whatever scope and level is realistic, now.
4. Don't bank on insurance to rescue your business. Business interruption and extra expense coverage along with property and casualty coverage can certainly help, but are no substitute for an effective contingency plan. After all, an insurance settlement is likely to be insufficient consolation for a defunct business. Besides, not all business disruptions are considered covered perils. Keep in mind that many insurers are willing to reduce premium costs because you have a continuity program in place.
5. Line up your ducks. Make certain upper management, business unit heads and other decision-makers are in agreement. Top-down contingency plans work much better than bottom-up too many well-intentioned contingency planners have found their efforts were wasted when the powers that be failed to grasp the significance of business continuity after the fact. No other attention-getter is quite as effective (short of a disaster) as a key executive expounding on the urgency of business continuity.
6. Don't reinvent the wheel. Your organization is not the first to plan for contingencies. There is a wealth of knowledge, published material and other resources. Use a coach an outside consultant could save you time, effort and money, even if they are just looking over your shoulder and nudging you in the right direction. On the other hand, be wary of farming out the contingency planning process unless you are committed to working closely with the outsiders and to building knowledge and experience within the organization.
7. Allocate money and time. As obvious as that sounds, successful contingency planning is seldom a part-time, casual undertaking. Resources should be unquestionably, specifically and realistically allocated and budgeted for ongoing operation, exercising and maintenance as well as for the initial development and implementation process. Don't assume you can hide contingency planning in another budget line you will not get away with it.
8. Question authority. When it comes to the survival of your enterprise, do not accept the word of management or of technical gurus. Look beneath the surface for hidden threats or risks.
9. Be creative. You need not expend mass quantities of time, effort or money to create a solid and effective continuity program. A little ingenuity and unreasonableness can go a long way. For example, many companies find concurrent opportunities for savings while implementing their contingency plans. Look for synergies with other active projects, or with projects which may otherwise be difficult to justify.
10. Exercise. Whether your contingency program is methodically documented or barely thought out, the exercise process serves three basic purposes: validating the strategy, refining the tactics, and training the participants. An exercise program can also be a productive and inexpensive tool for development of a contingency strategy. Do some kind of exercise, even a simple, 30-minute tabletop walkthrough at least once a month.
11. Don't become complacent. Even if you are satisfied with your continuity program, frequently review, update and enhance it. Among organizations with documented contingency plans who have botched recoveries, lack of maintenance has been the second most common problem, after lack of exercise. Don't rest on your laurels once you've developed your contingency plan. At least once quarterly, update your plan. Update volatile data such as staff lists and contact information monthly.

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SAFE EXITS (Excerpted from CIO Magazine, June 15, 1998):

It was the ultimate I.S. nightmare. In July, 1996, a soon-to-be-fired 30-year-old network program designer at Omega Engineering Inc. s Bridgeport, NJ facility allegedly planted a LAN-based logic-bomb, a program that eats through files or reformats hard drives, in the company s network. Several weeks later, the bomb wiped out Omega s software and left the manufacturer of high-tech measurement and control instruments with an estimated \$12 million in lost sales and repair costs... Before he was let go, Lloyd was both the company s chief network program designer and its network administrator. In his dual role, Lloyd managed the network and was in charge of updating and backing up the company s databases and files... We ll never rely on one individual like that again, says Al DiFrancesco, Omega s director of human resources. Omega now divides Lloyd s former duties among several people and stores a set of backup tapes at a secure, offsite location.

The article also noted, Lloyd allegedly stole all the backup tapes and replaced them with blanks. So, when was the last time your I.S. people tested restoring critical systems from backups? Of about thirty audits of critical backup tapes for various clients, Rothstein Associates determined that over a third of the backups were effectively unusable; almost half of the critical backups were accessible by staffers who could also access the primary data.

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YEAR 2000 OBSERVATIONS

The Mail on Sunday (03-MAY-1998) reports that Health officials in Dumfries, Scotland, have apologised for a computer error that sent a local citizen a birthday card designed for two-year-olds, with the message "Brush your teeth every day."

The citizen is 102, and doesn't have any real teeth left.

It'd be mighty interesting, however, to see what happens to computerized records for people who are going to be 100 in the year 2000...

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Y2K - A MORE WORRISOME NOTE

Lots of marketing hype has been flying around lately from software (and hardware) vendors assuring us not to worry about THEIR product s Year 2000 compliance. A recent investigation of one software provider (who we cannot name, for obvious reasons) found:

- 1.Of a total organization of a few dozen employees, only three are working at all on Year 2000 compliance, since earlier this year.
- 2.Considering the scope, complexity and state of their primary software product, best-case estimates of effort exceed ten person-years - not counting testing and roll-out.
- 3.The company is actively marketing this product with promises of Year 2000 compliance by first quarter of 1999 (let s see, if those three programmers work forty hours per day...)
- 4.The company s financials are weak at best.
- 5.Question: what are the odds that this software provider will still be in business after December, 1999? And, if they elect bankruptcy protection, what recourse will their customers have?

Our recommendation: beyond contractual liability and compliance testing, look under the

covers for signs that key providers may not be in a position to deliver on their Y2K promises - knowingly or unknowingly.

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YEAR 2000 DISCLOSURE: WHAT AREN T THEY TELLING US?

According to information provided by the Securities and Exchange Commission (SEC - Washington, DC), annual reports of the 93 largest publicly traded companies show :

- 44% didn t disclose any year 2000 plan
- 64% didn t disclose a year 2000 remediation timetable
- 78% didn t disclose estimated year 2000 costs
- Only 9% said year 2000 could have a material impact.

The SEC is not alone in pushing for more meaningful data from public companies. Tighter Y2K disclosure rules are expected this summer.

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RECOMMENDED READING

These and other titles are available from The Rothstein Catalog On Disaster Recovery at www.rothstein.com.

DISASTER & RECOVERY PLANNING: A GUIDE FOR FACILITY MANAGERS, by Joseph F. Gustin

Natural and man-made disasters cost U.S. companies and institutions billions of dollars each year. Whether the power fails, a tornado strikes or you receive a bomb threat, you must be prepared to act. This book is a ready reference to emergency response planning and management for facility managers, safety compliance officers, risk managers, engineers and consultants. It covers contingency planning, loss prevention, disasters, working with the media, computer and data protection, bomb threats, standby power and self-inspection.

1996, 306 pages #DR-248 \$79.75 + shipping

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SOMETHING FOR FREE?

Subscribers to BUSINESS SURVIVAL are offered a free CD-ROM containing The Rothstein Catalog On Disaster Recovery, a source for hundreds of books, software tools, research reports and videos. E-mail your request to info@rothstein.com with your full snailmail information.

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