

### ANSWERS TO THE ALL OF THE QUESTIONS YOU WERE AFRAID TO ASK WHEN IT COMES TO BC TESTING

5 September 2006

What can I say or you ask on the second day of the conference that will in any way add value to the outcome? What if your boss asks you the very same question when you return to the office tomorrow? What if they do not ask any questions of you? Does it matter? Will you be relegated to the typing pool or parked on a bench like they do in IBM if you do not bring something back? Well to help with you asking all the questions you were previously afraid to ask we would like to hand out these red cards with some questions. They are being handed out by my colleague Albert Tan, our Singapore Principal, whom many of you may know from a previous life. These cards are your red badge of courage. These red cards will enable you to ask the hard questions and the obvious questions. Some one has to ask them.

Many of you will have seen the Master & Commander movie starring the Australian actor Russell Crowe. For those that have not, picture a British war ship, a sail ship from centuries past out there in the fog looking for the French. The Captain is below and the Junior Officers are up on the quarter deck. One of the junior officers thinks he hears something (cup my ear). He is uncertain but he fears a French Frigate. He cannot see the enemy but he decides he must act. Someone must go and tell the Captain. Next minutes the alert, call out the guard.

And so it is in the same way that we face the next 40 minutes. All of us are that guard. We work best in the fog. Like the best racing car drivers, we practice in the rain. We want to be good in the rain because we want to win. Even the good Admirals must practice, because even the best Admirals only win 3 out of every 5 battles. In this session as Crisis Practitioners we will assist you to uncover the mysteries of walk-throughs, talk-throughs and simulations.

**What is the difference between the CMT and BCT or DRT?** Aren't these teams the same? Hardly ever. The reason is that Business Continuity is planning for the inevitable while Crisis Leadership is preparing for the unthinkable. The Crisis Team, the top block of this pyramid, is the Chief Executive and their immediate reports who have a focus on developing Business Continuity, financial and legal liability and reputation strategy. The BCT/DRT are tailored teams with the requisite skill sets to save life, protect property including information and minimize damage to the environment. The skills sets will vary according to their focus, but they put these top blocks together. Many companies have global CMT in addition to geographic country CMT or sometimes even Business Unit CMT. Many companies have a DRT with a solely IT recovery focus. These teams consist of front line managers. Many other companies take a far more holistic approach to BC and have contingency plans in place for a whole range of business interruptions outside IT. Product recalls or hostile takeovers or oil spills are some examples of triggers that require tailored BCT.

**Size is not important** Ask yourself this question? Can you test if there is no plan? Is this a waste of time? What do you think? Exercising in this environment will certainly produce an expedient capability. While plans are hardly ever looked at in true crisis situations

other than the telephone directory, they are needed to satisfy Corporate Governance as last-resort risk treatments. BC arrangements of course are now becoming subject to regulatory audit in many sectors. Some Stock Exchanges will not allow new listings without Risk Management frameworks in place of which Crisis and Business Continuity Plans are an element.

**When funds are limited should priority be given to Crisis Management or Plan Development?** The balance always comes back to cost. The ideal world has comprehensive BCP and perfect Management Teams. The real world has limited budgets and insufficient time. Where should the priority lie? The benefits undoubtedly fall on the side of having a strong Crisis Team with some pre-planning. The minimised plan keeps the BCP to the absolutely bare minimum- no complicated procedures and processes, just simple information that the Crisis Team can use as the basis of taking action. The maximized team approach builds the best team possible with internal resources and adds external resources where necessary to strengthen the team and fill the gaps. So train the team and exercise it again and again. Encourage lateral thinking and positive leadership. Ensure that your team can always be quickly contacted. Ensure that each team member is backed up by a deputy and empowered to make all necessary decisions for the company. Is that very clear?

**Should the scenario be kept close-hold?** What about this one? Wherever possible, yes. While the date of the activity is normally advised in advance, the scenario is kept close hold to the planners with the Chief Executive making the decision to be briefed or not. Whatever the scenario, simulations with extensive realism and feedback are the keys to effective Crisis Leadership. In developing the important instinct to act, it is accepted that people behave the way they prepare. Most people are not prepared for being trapped in a burning building however to a fire fighter it is all in a day's work. Military and sports teams, two groups that perform under crisis-like stress use hostile-intent stories to develop the important instinct to act. So to in business it is critical to provide a training environment that includes a high level of stress.

**How long should an exercise be?** The duration depends on the number of levels being exercised but typically 2-3 hours enables most objectives to be met. A single layer emergency or crisis exercise can take between 2 to 5 hours including the hot debrief which may take from 30-60 minutes. Multi-layered exercises with several levels and locations will take from 3 to 5 hours including a virtual hot debrief. This timing may be adjusted if the exercise components are linked but staggered.

**How frequently should tests take place?** What's best practice? A 6-9 monthly interval allows a Management Team to maintain a core of experienced team members. Most companies with a mature Crisis and Emergency Management philosophy benchmark and practice their capabilities for CM, and/or multilayer Crisis and Emergency Management every 2 -18 months. For Business Continuity and Emergency Management the frequency will more often be set within 6-9 months while Emergency Response may be drilled as often as weekly depending on contingency plans.

**Does out-of-hours add any benefit?** Yes to this one. 24/7 means responding with limited resources. It also provides a challenging environment for First Responders to operate and it can provide valuable learnings with regard to reaction times at night. Once a company has been able to practice its plans to a reasonable level including deputies,

out-of-hours is another logical progression of capability. Without experience however, out-of-hours exercises can prove counter-productive to a constructive outcome.

**Does the Management Team need to be physically together?** Should you be in the room with your colleagues? Let's have a 2-minute debate. I want you to argue with the person sitting beside you? With all of the moving planets in space how do you line them up? Physical co-location is not necessary at the crisis level but generally yes at the emergency level. It is useful to have a small element of the CMT physically assembled but key members can contribute equally effectively by teleconference or video link. If the majority of team members are new or if the team generally is unpracticed, the Management Team should schedule exercises ensuring they work together. As the team itself becomes well practiced, Management Teams will practice managing crises in part or full virtual mode, utilizing and testing real communications and procedures, and a more accurate reflection of reality. What about 24/7 technology? There's lots of collaboration technology around. We a show of hands, who has used notification and activation technology? Use it I say but have the mental attitude of solving problems from the car park.

**How do you test deputies and alternates?** With a show of hands who goes 2-deep? Who goes 3 or 4 deep? Who goes 7 deep like the Westpac bank in Australia? Ideally rotate your team members through the regular exercise program and also use deputies and alternates as role-players. The best companies do this as a matter of course as an integral part of their training style and regard it as an important part of management-in-depth. Frequently in simulations primary team members will be utilized in the important role of Role Players allowing the alternates to exercise their skills and leadership attributes.

**What is the benefit of live IT and ER drills?** Write down the answer to this question... I will then ask someone to reply? Drills ensure that actual resources are thoroughly checked and tested. It is long proven that people perform as they train. Learning is engraved into the skills base of the participants through experience. Leverage is gained through coordinated participation of Emergency Services and other allied providers, departments or contractors.

**How often should we physically go to a Recovery Site?** With a show of hands, who has a site outside of Singapore? More than 10 km from the main office? Primary and alternate members of the team should be personally familiar with all Recovery Sites, and indeed if possible should physically incorporate the sites into advanced simulation exercises. Visits to sites should be included into the BC induction of all office staff. Who does that?

**What are the benefits of desktops without role play?** Who has ever done a tabletop activity and no role play; just discussion? How many of you can remember much about it; that discussion? Who has done an exercise with role players and live interaction?... Who remembers that style of activity?

### **Hostile-Intent Stories & Problem Play VERSUS Simulation Attack Teams**

Tabletops do allow a team to practice its office rhythm and internal dynamics without being responsive to external pressures. Tabletops are also important to build the foundations of procedures and even introduce leadership, and ethics to bond and

empower the team members. In teams who are practiced and experienced, innovative tabletops will help to keep you mentally ready.

**Multilayer or single level** What is the value of a multilayer exercise compared with a single level exercise? We often get asked this question. It is a bit like eating an elephant? One bite at a time. If you were a large company in Singapore and you were good, like some of the really good companies right here in the room, would you have a multi-layer or a single layer exercise? Essentially all answers are correct. Multi-layer exercises have the benefit of testing inter-team communications in real time and they can also be used to demonstrate the existence and effectiveness of the complete CEM system to all staff. They should not be overused though as single level exercises are often a more effective way of ensuring that specific teams are accurately targeted with key objectives. Multi-layer exercises will be most useful when each of the participating layers are already practiced in their own layer.

**How do you select Role Players?** Actors and scenario injectors should be selected from deputies or alternates where possible and not Hollywood. Ideally they should be senior managers who have a thorough understanding of the company's operations and business methods. The reason is that role Players in exercises are the engine room. So much so that companies with mature procedures will often exercise the alternates utilizing the primary members as Role Players to power the exercise.

**Should you involve 3rd parties?** Are there any third parties in the room? But isn't everyone a third party to everyone else? It is called business. From that perspective when these third parties are running exercises would you like to be there or not? Would you be worried if you were not invited? Clearly such involvement is a positive way of demonstrating that your company is taking business resilience seriously.

**Should you involve regulators?** Are there any regulators in the room? Should regulators be involved? What do you think? Let's move on

**What is the best use of observers?** Where possible observers should be positioned with each of the participating teams. They should be capable of facilitating and guiding to ensure that the exercise outcomes are achieved or to overtly measure performance. To do this the observer must be an experienced manager, at times even a team leader or a higher level manager.

**What is the output of a crisis exercise?** The outcome is simply the demonstrated ability to regain control of business and identify a clear strategy for taking the organization into the future. I see it happening this way. Importantly at an operational level, a well conducted exercise will effect a powerful bonding within the team members and the company at large.

**What is the output of a Business Continuity test?** BCM has long suffered from not having a clear, legal definition as many of its practices have emerged from IT disaster recovery. Other of its practices overlap with crisis and Emergency Management. So what is the output of a Business Continuity exercise? This is what the best companies achieve. A properly conducted BC exercise will confirm or establish early warning systems to overcome business interruptions and minimize loss. It can further identify and confirm alternate sites of operation, identify key processes, personnel and assets crucial to survival.

A good example of a great outcome is when a major Australian bank tested the loss of one of its major processing centres. By doing something that had not been done before the bank found that the cut-over over worked perfectly one way, but the information could not be moved back. This learning saved Quarter of a million dollars. The moral of the story is that in order to practice explorers of continuity, you must give them problems that they have not solved before.

**How do you test governance and how often should the Board be involved?**

Corporate Governance is framed by your commercial philosophy, by law and by social mores. All of these parameters can be well tested by exercise scenarios posing dilemmas. It is also useful to have some involvement of the Board whenever the CMT is exercised. This may simply be in a reporting capacity but it will ensure that communications are tested and that Board responsibilities are recognized. However I equate the more understandable answer back to those junior officers on the Quarter Deck. You need to make sure you can stand your own ground when you meet those enemy ships in the fog. The Board will get involved if they want to be.

**How do you measure performance?** How do you know that your business is running well? Profit in an ethical way. If you are not making profit, are you a successful business? While the usual aim for exercises is to build management capability and confidence, performance can be and often is measured across both personnel and procedures.

**Should exercises always end with success?** You know, Edison produced 19,000 light bulbs before it all came together for him and the rest of the world. Success is always built on a mountain of failure. Agassi the world calls tennis champion, according to the statistics, almost lost every game that he played until he made it to the top. Typically a successful exercise is one in which the teams have demonstrated the ability to regain control and begin to plan for the future. This will often come through the sometimes uncomfortable process of exposing vulnerabilities and deficiencies in accepted procedures and at times even in staff.

As the American diplomat said at many of his press conferences, do you have any questions for the answers I am about to give. Please consider the questions in the envelope during the break as you will need to know the answers in the simulation after morning tea. These questions are directly related to you. They are questions that you may also need to take back and put to the Chief Executive. The questions are easy but the answers are hard.