Business Continuity and Disaster Recovery Planning: A Collaborative Approach

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Outline of presentation

1. Background and need for business continuity planning;
2. Steps involved in business continuity planning;
3. Case study;
4. Lessons learnt, including the need for a collaborative approach.
Objective

OPEN for business
What is Business Continuity Planning?

The main goal of business continuity planning is to protect key assets such as: people, technology, equipment and intellectual capital, and to enable individual organizations to minimise business interruptions, ensure stability and provide for orderly recovery.
Business Continuity Plan

• A Business Continuity Plan sets out a framework for activities and decision-making by a company or organization, before, during and after an extreme event or disaster;

• A disaster may be a local incident like a building fire, a regional event like an earthquake, or an international event like a pandemic illness. For a small business, a family death may be an extreme event causing serious business disruption.
Ostrich syndrome

Denying or refusing to acknowledge something that is blatantly obvious
Types of hazards

• In the Caribbean it is almost certain that most people will experience some sort of natural hazard in their lifetime and their organization’s lifetime;

• Added to this there are technological hazards (e.g. power surges), man-made hazards (e.g. fires) and environmental hazards (e.g. oil spills).
## Climate change

<table>
<thead>
<tr>
<th>Climate parameter</th>
<th>Projected change</th>
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<tbody>
<tr>
<td>Air temperature</td>
<td>Increase 1.8 – 3.2°C by 2099</td>
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<tr>
<td>Global sea level</td>
<td>Rise of 0.18 – 0.59 m by 2099</td>
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<tr>
<td>Carbon dioxide</td>
<td>Reduction in pH of the oceans by 0.14 - 0.35 units by 2099 – oceans will become more acidic</td>
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<tr>
<td>Hurricanes and extreme events</td>
<td>Likely (&gt;66% certainty) increase in hurricane intensity; more floods and droughts</td>
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<tr>
<td>Precipitation</td>
<td>Decrease in summer rainfall in Greater Antilles, unclear elsewhere.</td>
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Impacts of climate change

- More intense category 4 and 5 hurricanes – this is already happening;
- Higher temperatures and more heat stress;
- Higher minimum temperatures and increase in incidence of dengue fever.
Components of a BCP

1. Risk assessment;
2. Business impact analysis;
3. Recovery strategy;
4. Test and implement the plan.
Risk assessment

- Research: literature, what are other similar organizations doing, insurance;
- List the types of disasters that might impair the operation of your facility;
- Determine the geographical features of your facility;
- List the core activities and processes undertaken at your facility.
Business impact assessment

- Take the most likely type of extreme event and determine how your organization’s processes and activities will be impacted, repeat for other types of extreme events;
- Remember to include all aspects of your organization: people, infrastructure, processes, equipment, records.
Recovery strategy

• Determine ways to help your organization recover from the extreme event, e.g. what back-up, mitigation, safety measures need to be put in place to reduce the impact of the extreme event on the particular business activity;

• Cost these measures.
Testing and implementation

- Share the plan with staff and get their input;
- Test the plan;
- Review the plan with other branches of your organization;
- Revaluate and revise;
- Conduct simulation exercises regularly (annually).
Phased approach

• Your particular organization may be vulnerable to many types of extreme events that could interrupt business, and you may find it easier to develop a plan first of all for the most likely type of disaster;

• Alternatively you may decide to focus first on a particular business activity e.g. record keeping.
Acknowledgement

Following case study adapted from a 2006 paper by Patrick Bodden of Cayman Islands Monetary Authority, and a presentation by Barbara Carby, Cindy Scotland and Patrick Bodden.
Hurricane Ivan - 2004

On Its Journey Across the Caribbean to North America, HURRICANE IVAN VISITED CAYMAN
Sat Sept 11 – Mon Sept 13, 2004
Impact

• 90% of properties damaged;
• 79% of population affected;
• Losses USD 3.4 billion;
• Damage represented 138% of GDP for 2003.

Photo credit Carby Scotland, Bodden
Recovery

• Cayman Islands is a UKOT, not dependent on UK for financial assistance, and not eligible for many types of donor assistance because of its non-independent and financial status;
• End of 2005 GDP had grown to 6%;
• Financial sector businesses, including most retail banks, resumed operation within 5 days of storm’s passage.
Business Continuity Planning (BCP) in Cayman Islands

- During a post-hurricane survey among banks, 93% reported having BCPs before the hurricane, and 83% said the plans made a positive difference in recovery;
- Those without BCPs were closed for longer periods;
- Government and private sector joined together to focus on financial sector first.
Lessons learnt

• Resumption of business was critical for the national recovery effort;

• BCP requires resources, and has to be a priority at the highest level, of both the organization and the country;

• Process of BCP provides a good foundation for recovery, even if plan does not envisage all eventualities;

• Continual review, planning never ends;
Lessons learnt (continued)

- Multi-faceted planning (Government, regulatory authorities, service providers, community);
- Networking and collaboration important: Chamber of Commerce played an important role and acted as a focal point for their membership of over 600;
Lessons learnt (continued)

- Value of having alternate locations from which business operations can continue in the event of a major contingency, including back-ups on the same island and/or sister islands in the case of the Cayman Islands Monetary Authority, such back-up locations can be shared resources;
- Value of having a Statement of Guidance on Business Continuity Management for all Financial Services Operators;
BCP and Health Sector

• Health sector is one of the most important sectors in the event of a disaster;
• In the Caribbean, a region very vulnerable to natural and other disasters, it is more a case of “when” not “if”;
• Every health service provider needs to have BCP, whether a large hospital or a small community clinic and these need to be networked and coordinated so that back-up facilities can be shared;
Regional collaboration is also important, e.g. following a devastating hurricane or in the event of an international pandemic;

Government, private sector and community need to be involved;

A BCP is more than having an IT back-up and recovery plan, by definition, it must involve people, processes, infrastructure, equipment and records;
• An IT-Centric BCP might be a good foundation for a full BCP;
• BCP can be done in stages, the important step is to start, test and practise!