

1. Establishing a successful exercise programme

'We may need to solve problems not by removing the cause but by designing the way forward even if the cause remains in place.' Edward de Bono

Introduction

An old saying in business continuity is that having an incident plan can sometimes be worse than having no plan at all – that is, if it has not been effectively tested.

This chapter will help you establish a successful programme to exercise the current business continuity management (BCM) arrangements within your organization. Developing a successful exercise programme will also help you comply with new British Standard *BS 25999*.

Morgan Stanley's response to the 11 September 2001 attacks on the Twin Towers in New York, where the company had offices, gives us an insight into what a successful exercise programme can achieve. For them, resilience was not just about computer systems recovery; it was all about people and embraced the entire organization.

Continuous exercise and training following the 1993 World Trade Center bombing meant the company had plans and procedures in place that were of enormous value during the terror strike of 9/11.

Most of the company's 3,700 employees survived the evacuation of the south tower. The company then proceeded to re-establish contact with its dispersed employees using house calls, public broadcasts and one of its own call centres in Arizona. Within three days nearly all staff based in the south tower had been located.

While accounting for their personnel was paramount, they also set about recovering business operations at alternative facilities. Three days after the terror attack, testing activities were in progress and the recovery, both physical and emotional, was underway.

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The BCM lifecycle

A BCM programme covers all phases of the BCM lifecycle (see Figure 1.1) and must be supported by senior management and appropriately resourced.

BCM arrangements need to be implemented so you can:

- Identify the impact of potential losses
- Maintain viable recovery strategies and plans
- Ensure continuity of products and services through exercise, maintenance and review.

The BCM lifecycle found in *BS 25999* comprises six elements, which can be implemented by organizations of all sizes, in all sectors.

When establishing a successful exercise programme, every part of this cycle must be examined in depth.

The stages of the BCM lifecycle can run in sequence or in parallel depending on your needs. Using the lifecycle should help you identify the purpose and objectives of your exercise programme.

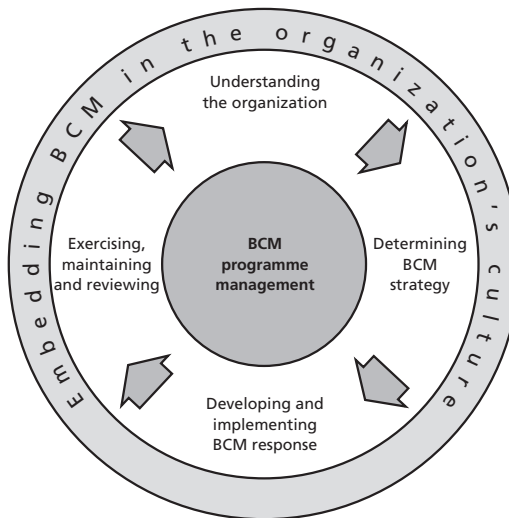


Figure 1.1 – The business continuity lifecycle

BCM programme management

Programme management enables a business continuity capability to be both established (if necessary) and maintained in a manner appropriate to the size and complexity of your organization. The overall exercise programme should parallel the maturity and complexity of your established BCM programme and be tailored to it. This will also aid you in choosing the right type of exercise(s) for your needs.

Understanding your organization

A thorough understanding of your core business activities will help inform your choices when it comes to selecting your business continuity strategies.

Risk assessment will have its role to play here, but continuous research into ‘what should happen’ – in other words what is standard practice in your organization – and ‘what actually does happen’ can produce startling results. The two may be worlds apart, with the product of your research enabling you to choose the ingredients for an exercise programme. One that is designed to expose vulnerabilities not previously acknowledged or understood.

Determining business continuity strategy

A range of business continuity strategies will need to be evaluated to protect your company. Those chosen should allow you to continue to deliver key products and services at an acceptable level of operation or to resume delivery of these services within a satisfactory timeframe.

The choices made will take account of the resilience and countermeasures already present within your organization.

Developing a BCM response

Developing and implementing a business continuity response will result in the creation of what can be a variety of different incident plans. Typically they will include business continuity and recovery plans that detail steps to be taken before, during and after an incident to maintain or restore operations.

An exercise programme should be established to test activation and escalation of your plans and procedures. It should also help audit management decisions and check the current state of both your internal and external communications.

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Plans must be constantly updated, tested and disseminated throughout your business.

BCM exercising, maintaining and reviewing

A structured exercise programme with defined objectives should allow you to demonstrate the extent to which your strategic plans are complete, current and accurate. It should also enable you to identify opportunities for improvement.

Action plans that result from exercises will help maintain, review and audit your business continuity arrangements.

Embedding BCM in your organization's culture

If BCM is part of your organization's core values, then all stakeholders should have confidence in your ability to cope with disruptions.

Aligning your exercise programme with your organizational culture is vital when seeking 'buy in' from participants during the development and delivery of an exercise. If they cannot see the relevance of what you are asking them to do, they will quickly lose interest.

Exercises can expose vulnerabilities in a weak organizational structure. They can start processes needed to strengthen both internal and external communication and can help improve management decision making during an incident.

A large, well-known German company (for the purposes of this book we will call them Lux Engineering) provides us with an interesting example of an organization that developed an exercise programme as a result of an incident. They were forced to go back and re-examine all aspects of their business continuity arrangements, but, as we will see this had positive results.

The company outsources most of its production to external manufacturers and one of these suppliers experienced an incident that resulted in 6 months of delivery delays. Lux suffered business interruption costs of over \$200 million.

The task Lux set itself was to align its incident plans with those of its suppliers and then validate them using a series of exercises. Only by doing this could it test the resilience of the supply chain network.

The exercises indicated that an innovative approach was needed and resulted in what is known as a 'Risk Management Evaluation Tool'. In short, the tool Lux developed was able to monitor suppliers, ensuring they had contingency plans in place that would, as far as possible, guarantee supply.

The lessons to be drawn from this case study are that risk assessment is an ongoing task and that a carefully designed exercise programme can illuminate vulnerabilities before they turn into an incident. Lux found out the hard way, but as a result of the incident came up with an inventive solution to an ongoing problem.

What can exercising achieve?

The exercising element of the business continuity lifecycle (BCL) is where your business continuity plan is tested and audited and subject to change management.

As stated in *BS 25999*, the exercise programme should:

- Exercise the technical, logistical, administrative, procedural and other operational systems of the BCP
- Exercise the BCM arrangements and infrastructure (including roles, responsibilities, and any incident management locations and work areas, etc.)
- Validate the technology and telecommunications recovery, including the availability and relocation of staff.

In addition it may have the added benefits of:

- Practising the organization's ability to recover from an incident
- Validating the effectiveness and timeliness of restoration of your critical activities
- Verifying that all critical activities are covered by your current plans
- Highlighting assumptions in your plans that need to be questioned
- Instilling confidence amongst exercise participants
- Raising awareness of business continuity throughout your organization
- Demonstrating competence of your primary response teams and their alternatives.

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How to develop the exercise programme

To achieve the tasks alluded to in the previous section, you will need an exercise programme management team (EPMT), either temporary or permanent, to oversee the development of the exercise programme.

The roles and responsibilities within this team will need to be clearly defined, as will the resources they require.

The exercise programme management team

The EPMT should have:

- The correct level of authority
- Common focus to ensure the exercise programme succeeds
- Ample BCM experience
- Sufficient time to develop the exercise programme.

They must ensure that:

- Their governance is clearly defined and their roles and responsibilities are documented
- All other stakeholders understand their roles and responsibilities within the exercise programme
- The exercise programme is agreed by all parties involved before exercises get underway.

The team may look something like this:

- Senior management – a senior member of your organization who has a stake in BCM
- Depending on the size of your organization and your circumstances – one or two members of your business continuity team who will use the action plans that result from the exercise programme to improve your business continuity plans
- If no such department exists then recruit members of staff with risk management or business continuity credentials
- If no such persons exist you may wish to consider outside contractors.

It is the job of the senior management member of the team to act as overall sponsor of the programme and to see it is allocated the priority and resources it

needs. The business continuity professionals will provide the expertise and will produce the exercise programme proposal.

Once an exercise programme has been defined, members of this team may well become part of the exercise planning group (EPG) as outlined in Chapter 3.

The exercise programme document

An exercise programme document must:

- State the aims and objectives of the exercise programme
- Outline the exercises that will be needed to accomplish these objectives
- Be continually referred to once exercises get underway to check objectives are being met
- Acknowledge that if any significant part of the programme is to be changed then exercise specifications will be altered to reflect this.

A series of exercise specification documents will be contained in an exercise programme document and should be like this:

Exercise Specification Document

Opening page:

- Executive Summary – a one-page outline of the exercise purpose, objectives, exercise programme milestones and budget requirements.

First section:

- Why this exercise is necessary and how it fits within the overall exercise programme
- What the exercise hopes to achieve – its aims and objectives.

Second section:

- Type of exercise – simple, medium or complex. This is dealt with extensively in Chapter 2 but here you should outline the type of exercise chosen and briefly justify your choice.
- The Exercise – a brief outline of what the exercise will contain including possible scenarios. These will be developed further, once the exercise planning is underway.

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Third section:

- The exercise timeline – for example: when the scenario will be finalized, when the MEL should be complete. When the exercise report is due and when other exercise documentation can be expected. The milestone timings for each stage of the exercise should be tabulated for quick and easy reference.

Final section:

- Agreement page – agreement and sign off of the proposal by project sponsor.

Appendices:

- Stakeholders – a list of the exercise programme management team members and an outline of their roles and responsibilities
- Budget requirements – a breakdown of estimated costs
- Any other relevant documentation.

The Exercise Specification Document is just a suggested list of sections that can be changed to reflect your circumstances (see Chapter 3 for case study for a completed exercise specification document).

Benefits of a successful exercise programme

An exercise programme should:

- Identify the impacts of an operational disruption or incident
- Exercise the effects and impacts of the disruption
- Demonstrate the effectiveness of your incident plans to deal with the disruption
- Change and update a plan as outlined in a report's action plan
- Help develop an incident plan if no plan exists
- Maintain a tested ability to manage uninsurable risks
- Promote a company-wide approach to business continuity.

The benefits should help promote management and participant 'buy in'.

Senior management 'buy in'

The job of a business continuity professional is made infinitely easier if BCM is actively supported and promoted by senior management.

One of the tasks of the exercise programme management team will be to justify the programme's benefits to senior management. They will need to be fully prepared and briefed to defend the time, money and effort itemized in the document.

Education and fear of the unknown should be the twin drivers used when seeking senior management support for an exercise programme.

Without being unduly pessimistic, it is often a case of 'when' an incident will strike and not 'if' given the current climate of changing technologies and threats – both physical and virtual.

Business continuity must be instilled as a core value in your organization.

Participant 'buy in'

If senior management are on board then those participating in an exercise are more likely to be compliant. An exercise can seem a rather plastic, unreal or just plain alarming experience.

However, if the scenario has been correctly developed and the logistics are in place, then players should become so wrapped up in events as to forget any misgivings they may have harboured.

In Chapter 4, in the 'Day of the exercise' section, we will look closely at how to engage and inspire the players.

How much is this going to cost?

The most compelling way of justifying the programme budget is to compare it to the cost of the consequences of not having a programme at all.

The results of an incident can be far-reaching and might involve loss of life, loss of assets or income, or the inability to deliver products and services on which your organization's survival might depend.

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One company that inadvertently gave an object lesson in how not to respond to an incident was Perrier. By the late 1980s, bottled water was very popular and Perrier was a leading brand.

The company found traces of the chemical benzene in its water and initially did nothing about it, playing the incident down.

When Perrier, in France, realized it did have a problem its first response was to blame employees for incorrectly using benzene cleaning products.

The company's American arm acted very differently and started recalling bottles. Back in France this was seen as alarmist and unhelpful, with the Americans overreacting.

The Perrier share price went into freefall, so that finally, four days after discovering the traces of benzene, all bottles were withdrawn worldwide.

At the time, Perrier was quoted as saying that 'with this action we have saved the image of Perrier all over the world.' Wishful thinking on their part. Perrier's image had already been tarnished. People buy bottled water because it is perceived as being pure and healthy and somehow tasting better than tap water. These were claims it was now hard for Perrier to make.

The company had already broken one of the major rules in press relations as two arms of the company had been saying and doing completely different things: the Americans pulling the bottles, and the French hoping the incident would go away. Combine that with apparent indifference over public health, and you would have thought that things could get no worse.

Perrier had other ideas. Once the scare was over and their water was benzene-free, Perrier started to market again. Much to customers' surprise, the new bottles were smaller, but cost roughly the same price. We have had an incident, the company seemed to be saying, but the customers are the ones that will pay.

Perrier, in its original form, never recovered. Its share price was in tatters leaving it vulnerable to takeover. Nestlé duly obliged.

Possible problems

There are many things that can go wrong with an exercise programme. Problems may arise with personnel and resources. Indeed those involved may have different ideas as to how things should be organized, which makes it vitally important that all are clear about their responsibility, authority and accountability. If everyone is clear about their role, there should be less confusion about the outcome.

Here are some potential exercise programme mishaps:

- Insufficient attention to the objectives and required output contained in the exercise specification document
- Insufficient research into business processes
- Lack of understanding of roles and responsibilities within the exercise programme team
- Poor estimation of time and cost
- Inadequate planning and coordination of resources
- Lack of control over the progress of the programme
- Lack of quality control, resulting in poor exercise delivery.

What have I learnt from this chapter?

- The business continuity lifecycle (BCL) must be reflected in your exercise programme
- The importance of establishing what your organization wants to get out of an exercise programme
- How to populate an exercise programme management team
- What constitutes an exercise specification document.