

Cover Page

Information Systems Report
GBAT 9106 Information Systems for Managers
Masters of Business and Technology
University of New South Wales

Business Continuity Planning for
Insurance My Way Ltd;
Briefing Notes for Key Executives

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Abstract

This document is a Business Continuity report studying information systems risks the object faces, its ability to cope with threats, and the management of competitive advantage in the face of such threats. This document is a briefing note aimed at senior executives at the object of study. Complementary to a project scoping document, the information contained herein is not an actual business continuity plan.

The object of study is Insurance My Way (ASX:IMW) Ltd at Q3 2000, an online insurance broker venturing into a new line of business (LOB) selling insurance through business alliances and providing online fulfillment of post-sales operations.

This paper systematically explores the strategy that the object has to choose from and presents a tactical guideline for its Business Continuity Plan.

1.0 Introduction

Executive Summary

Benefits of the BCP Project: A Business Continuity Plan (BCP) can positively influence IMW's competitive advantage as IMW moves into its new direction as an insurance fulfillment center; it also bolsters the organization's holistic PR machinations. In detail we describe tactics that can be applied through sales, finance, operations, and human resource functions to effect this (see '[5.0: BCP for Competitive Advantage](#)')

Overview of Processes: The BCP entails IMW understanding and managing possible risks, knowing what critical and essential functions drive the value chain, and creating a plan to restore those functions and recover normal operating processes in the event of a crisis incident.

Managing Risks: The range of risks begins mainly during changes in requirements, the defining of roles/work done, and in estimation of requirement; such risks are peppered throughout the organization. We have also identified major risks events aside from the normal business operations. Both of these are critical to our quantifying each risk using an measure called 'Expected Monetary Valuation' derived from probability of occurrence, cost of outcomes, expected timing (if event does happen), and frequency. EMV calculation outlines risk items IMW has to respond to; some highlights as follows:

- Changes in requirements of online software
- Poor estimate on operational capacity
- Poor estimate on technology need
- Corporate database malfunctions

Disaster Recovery Strategy: From our framework, we propose IMW pursue an internally resourced BCP Organization. Using a distributed processing strategy, disaster recovery efforts can fully utilize existing real estate beyond IMW's headquarters and minimal capital expenditure to create a backup solution that is fairly robust and constantly tested (see '[Distributed Processing as DR Strategy](#)').

Budget and Schedule: Top-down estimates based on scoped requirements outlines a \$37,000 spend over the course of the project life cycle (see '[Appendix: Budget Workings](#)'). If the initiation occurs on 2nd October 2000, and assuming that all proceeds without interruption, the project should close out after 1.5 calendar months. This in no way represents a huge financial investment or corporate involvement for IMW, and we have included milestones that can be used to manage our performance (see '[Appendix: Schedules and Milestones](#)').

Success Factors: Critical to the success of this BCP, IMW has to support the formation of a cross-functional planning team for the BC documentation. Without this team, the BCP will possibly be stilted as a disaster recovery plan, and may not fully cover IMW's critical value chain processes. Furthermore, Executive Management needs to support project initiatives such as follow-through planning requirements,

pursuing maintenance of the project, and ensuring project is protected from rash cost-cutting campaigns

While there is a tendency to focus on certain technical aspects of this documentation, we advocate that the BCP should be a holistic exercise borne by the cross-functional BC Planning Team; extended throughout the organization.

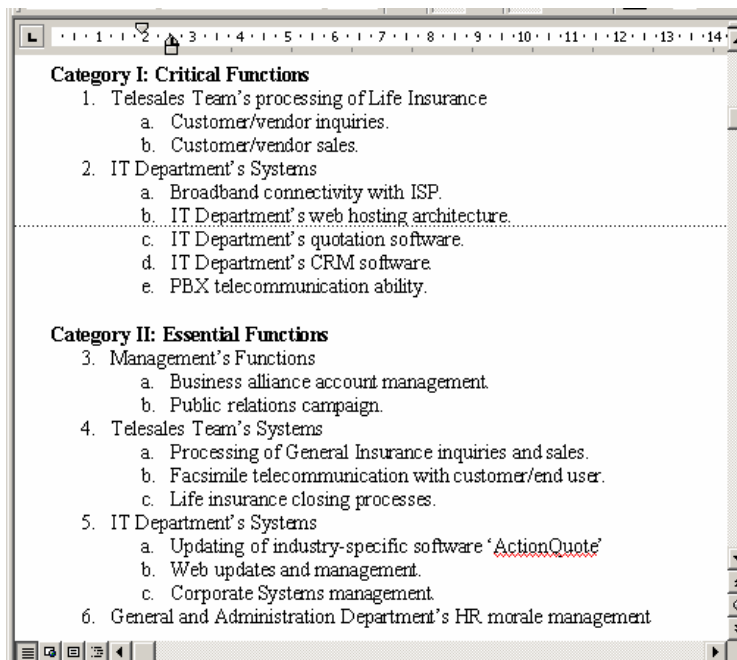
Conclusion: Certainly the potential readiness in the face of a crisis situation far outweighs the relatively small investment of time and effort represented by the project life cycle. This is, in itself, could be a ‘make or break’ factor in regards to IMW’s overseas venture capitalists, and domestic share market investors.

Notes

- Aside from ‘IS for Managers’ course materials, the Project Management Body of Knowledge (PMBOK 1996) was instrumental in structuring risk identification and management strategies, and guiding PM methodology in implementing the BCP in Section 4. Business Impact Analysis in Section 3 was inspired by MIT’s Business Continuity Plan. Last section draws from PR theory in Miller et al’s ‘Fundamentals of Marketing’ (2001).
- Due to IMW’s B2B model, we differentiate between alliances as customer, and the end user who will get sold the product.
- References to information in Appendix are clickable on-page links.
- A list of acronyms used is located in the Appendix (see ‘[Acronyms Used](#)’).

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3.2.2 Outputs from Risk Identification

PMBOK outlines two main outputs of risks analysis: Sources of Risk, and Potential Risk events. In the identification of risks, we also treat possible symptoms of those risks (see [Appendix: Risk Symptoms](#)).

Sources of Risk

These are “possible risk events (e.g, stakeholder actions, unreliable estimates, team turnover) that may affect the [company]” (PMI 1996 p113). They mainly occur during changes in requirements, the defining of roles/work done, and in estimation of business need. The brief list is as follows (see [Appendix: Sources of Risk](#)):

- Changes in requirements of
 - Online software
 - CSRs
 - Contractual agreements with customers.
 - IT department.
- Poorly defined roles and responsibilities between
 - Customer and IMW.
 - IT and Marketing Department.
 - EMG.
- Poor estimate on
 - Financial projections.
 - Operational capacity.
 - Software development.
 - Market need.
 - Technology need.
- Insufficient skilled
 - Insurance sales staff.
 - IT staff.

Potential Risk Events

These are “discrete occurrences ... when the probability of occurrence or magnitude of the loss is relatively large” (PMI 1996 p114). Following is an outline of potential risk events (see ‘[Appendix: Potential Risk Events](#)’):

- Software Engineer Manager may resign
- Power outage in Perth CBD
- Global-level Internet outage
- Major Kings park fire (close to CBD)
- DoS attack
- Corporate database malfunctions
- Infrastructure breakdown of Mt Newman House (IMW HQ)

3.3 Risk Quantification

From ‘Risk Identification’, we calculated the Expected Monetary Valuation (EMV) of line items using probability of occurrence, cost of outcomes, expected timing (if event does happen), and frequency. Our report assumes IMW would tolerate risks with EMV not exceeding \$30,000/year. Risks with EMVs in excess of \$30,000 and operational necessities will be dealt with in Horizon One. Please see ‘Appendix: EMV’ for detailed workings. The outputs from the risk quantification exercise are as follows (see ‘[Appendix: Opportunities to Ignore, Threats to Accept](#)’):

Opportunities to Pursue, Threats to Respond

- Change in requirements of online software
- Changes in requirements of CSRs.
- Changes in requirements of IT department
- Poor estimate on operational capacity
- Poor estimate on software development
- Poor estimate on market need
- Poor estimate on technology need
- Insufficient skilled IT staff
- Denial of service attack
- Corporate database malfunctions

4.0 Facing Threats

We assume IMW's BC objective is to nominally restore the abovementioned Critical Systems within 24 hours, and Essential Systems within 48 hours of a major disaster. The BC Organization that will manage such activity is detailed under '[Appendix: Incident Response Personnel](#)'.

4.1 BC Proposal

4.1.1 Disaster Prevention and Mitigation Program

Risk Response Development

From Risk Identification in Section 3, we are guided by PMI on each line item for:

- 'Avoidance' – to remove the risk by dealing with it at its source,
- 'Mitigation' – to reduce the EMV or potential cost of that risk, or
- 'Acceptance' – to deal with potential consequences.

We then outline a five-fold tactic for each risk (see '[Appendix: Risk Response Development](#)').

4.1.2 Emergency Response Program

Requirements for Emergency Response

We have outlined nominal business, technical and logistical requirements for each Critical and Essential Functions' line item (see '[Appendix: Requirements for Emergency Response](#)'). Recovery can thus be initiated upon recognizing an Incident has occurred (see '[Appendix: Recognizing Crisis Incidents](#)'). If need be, staff can then be deployed to hotspot, which is an external office owned by Wayne Blakeney (see '[Appendix: Location \(Hotspot\)](#)').

4.1.3 Choosing a Strategy

IMW will use internal resources for its BCP due to a multitude of reasons, not the least being Management's historical decision making, and the allocation of funds toward profiteering activities (see '[Appendix: Force Field Diagram](#)').

Using Internal Resources

There are four options facing an internally driven BC Organization. These are to use multiple data centers, distributed processing, backup telecom facilities, or local area networks. We present an overview of each option (see '[Appendix: Internal Resource Options](#)'), and have decided that distributed processing allowed a combination of the greatest cost savings, innovative use of infrastructure, and the best grassroots-level control given IMW's organizational idiosyncrasies.

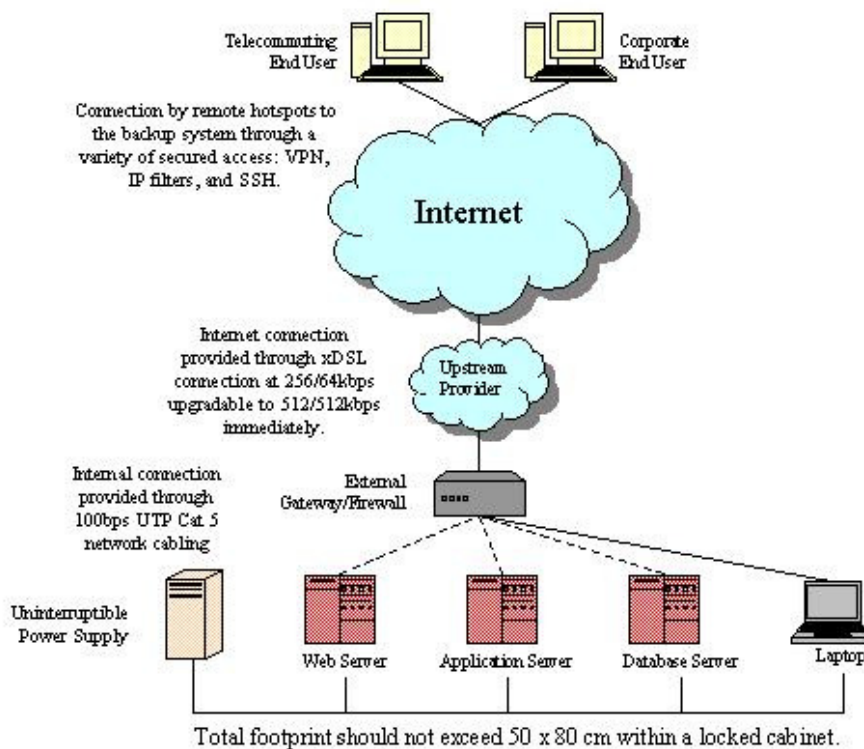
Distributed Processing as DR Strategy

Minimal systems can be deployed at Project Sponsor's residence. Taking advantage of static IP address with basic ADSL account, the system can operate seamlessly and concurrently with existing systems. Access during a crisis incident then effected through TCP/IP and separate IP address from any remote web browser.

From Topology diagram below and in comparison with 'Appendix: Current System Architecture,' the backup system is almost a mirrored replica of current information systems. The caveat is that Critical Systems don't require the presence of 'ActionQuote' application servers (see 'Section 3.2.1: Business Impact Analysis').

As a side note, the backup systems provide nominal functionality given projected HR expansion plans (see '[Appendix: Capacity of Backup System](#)'). We have also attached a schedule for implementation and testing (see '[Appendix: Testing of Plans and Schedules](#)').

Backup Systems Topology Diagram



4.1.5 Budgetary Requirements

Figures were produced through top-down estimates from scoped requirements. Payment milestones are by stages and not indicative of HR expense; amounting to \$37,000 over project life cycle, which in no way represents a high financial involvement (see '[Appendix: Budget Workings](#)').

4.2 Critical Success Factors

“Eight points of BCP Failure” taken from Grimoldi (2002) were compared with IMW’s corporate culture, and success depends on IMW focusing on testing or follow through planning requirements, pursuing maintenance of the project, and ensuring project is protected from rash cost-cutting campaigns (see ‘[Appendix: Grimoldi’s Factors](#)’).

4.3 SWOT Analysis of IMW

Strengths	Weaknesses
<ul style="list-style-type: none">• Small company; fairly straightforward operations.• Resourcefulness of executives.• Significant human factor in the production mix.• Mix of managers in BC Team.	<ul style="list-style-type: none">• Inertia from public listing.• Low confidence from unproven concept.• Lack of manpower.• Little corporate governance.• Complexity of value chain.
Opportunities	Threats
<ul style="list-style-type: none">• BCP as a marketing tool to boost credibility.• Use BCP initiatives to push for employee telecommuting ability.	<ul style="list-style-type: none">• VC pulls support.

4.4 Evaluating Effectiveness of Plans

Given IMW is a small company but racked with the inertia of public listing, and having little corporate confidence, the BC plan has to be presented as a neat package. In our proposal, the DR preparation section complies with this, but overall risk mitigation strategy may appear to be a Pandora’s box. Nonetheless, the project should still get majority support, making it “far more likely to work” (Rodetis 1999 p29).

IMW successfully counters the dearth of manpower with its resourcefulness. This is shown with the use of resources and the affiliated office space used as a hotspot. One key concern however is that this cost-cutting culture may hinder adequate BC effort and efficacy, and may spread resources too thin during implementation. Project sponsor should consistently lobby for continued support in this case.

IMW’s insufficient corporate governance will be its gravest weakness. Aside from organizational forces not pushing maintenance of the BCP, there will be little chance of “auditor/IT discussion” (McCoy; Rodetis 1999 p29). The BCP Organization should ensure objectivity and “perspective” (Rodetis 1999 p29) by juxtaposing plans with external checklists generated by continued research.

Rodetis (1999 p30) says BC plans should be coordinated with stakeholders in IMW’s extended value chain. This may be a challenge with IMW’s previous inward focus. To increase effectiveness, the project manager should liaise with similar project or functional managers at stakeholder firms. This will raise awareness, setting the stage to mirror BCP in alliance partners.

Lastly, IMW needs Project Sponsor to indoctrinate key senior managers on the need to maintain backup systems as executives who come from a non-technology background may not understand this preparation, believing that insurance is enough (Rodetis 1999 p31).

5.0 BCP for Competitive Advantage

Where a marketing plan would generally be outward focused on environmental forces, ‘Competitive Advantage’ is an inward-focus strategy. According to Michael Porter, there are three options to build competitive advantage: “cost leadership,” “differentiation,” and “focus” (Dubelaar 2002 u2 p19). While undocumented, IMW can be seen to be on a differentiation strategy offering a range of online services no intermediary was then offering. In light of this, the BC plan can be presented to enhance a holistic ‘differentiation’ strategy. The table below is a balanced scorecard matrix integrating BC and competitive advantage direction.

	Sales	Finance	Ops	HR
BC Plan’s influence on Competitive Advantage	Sales needs to deliver a broad range of products and improvements. BC plan can rationalize when to deliver improvements or extensions.	Plan can be tied in with financial negotiations that strengthen relationship IMW has with intermediaries extending insurance products to consumers.	Forces key stakeholders to address integrative functions and roles, strengthening the communication process.	Allows employees to think holistically, to work with cross-functional colleagues, and to understand the influence parts of the organization have on the value chain. BCP’s risk mitigation processes are complementary with innovative processes leading to a ‘differentiation’ mindset.

5.1 Managing Global Reputation

To “build or maintain a favorable image for an organization with its various publics” (Miller et al 2001 p612) whilst in a crisis situation is not only important, but critical to long term prospects. Miller et al says “there are three means for gaining good publicity” (2001 p 613). The BC plan translates this into the following:

1. Preparing a template that highlights BC initiatives as news information for media. This can then be used as a checklist for other news releases prepared during crisis.
2. Organizing press conferences using a list of journalists’ contact information, available venue, and media-trained executive.
3. Lobbying with appropriate key players in the insurance and Internet industry for support through the crisis, if necessary.

Miller et al (2001 p612), also points out that there are several reasons for the “lack of attention to public relations,” which we will interpret as factors leading to the failure of the PR effort. They mention “organizational structure,” “inadequate definitions,” and “unrecognized benefits” as factors to be resolved (see [‘Appendix: PR Efforts during a Crisis’](#)).

To ensure effective support from the BC organizational structure, we have designated the marketing Head of Department to lead PR efforts during times of crisis. This will ensure PR news releases will be aligned with overall marketing goals.

To solidify the definition of public relations guiding overall efforts, we will advocate that *a PR campaign is a collective initiative to favorably manage the image external stakeholders and publics have of the organization*. For a crisis situation this means ensuring the public understands that IMW is doing the most it can given the scenario, the status of the recovery, and keeping any subjective speculation to the minimum.

Lastly, IMW will have to integrate non-crisis PR efforts into the overall marketing initiative to build any ‘unrecognized benefits’ in the long term, and continue to test such efforts before crisis occurs (see ‘[Appendix: Testing the PR Machine](#)’).

6.0 Bibliography

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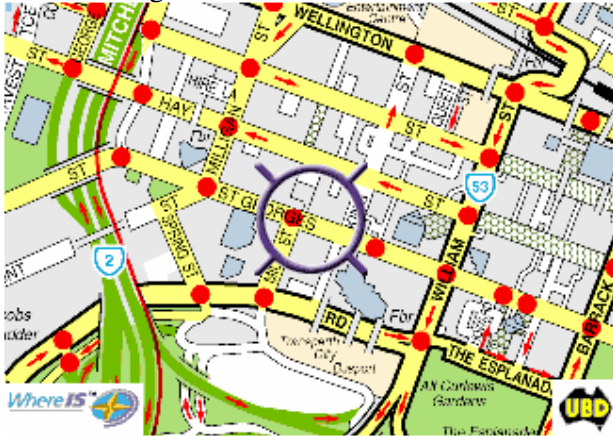
7.0 References

MIT, 1995, 'Business Continuity Plan' MIT Information Security Office at <http://web.mit.edu/security/www/pubplan.htm>

8.1 Appendix

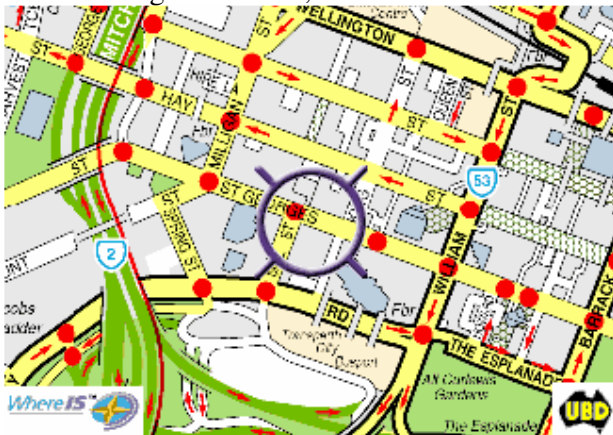
Location (IMW Office)

200 St Georges Terrace, Perth WA 6000

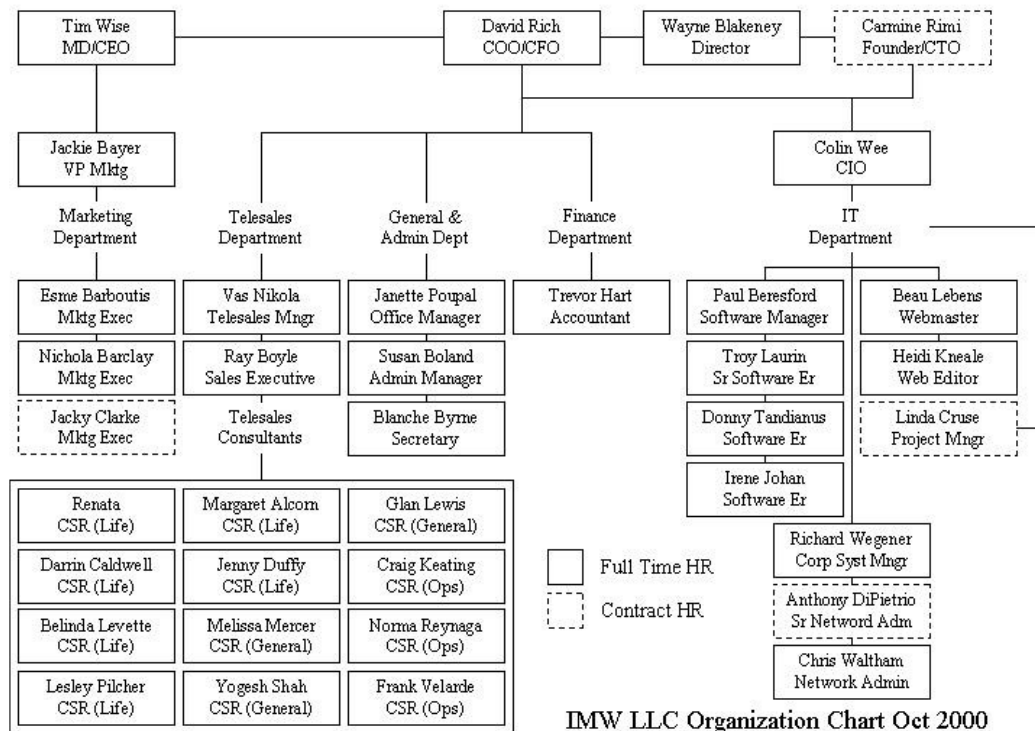


Location (Hotspot)

189 St Georges Terrace, Perth WA 6000



Organizational Structure



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BC Planning Team Organization

Role	Title	Name
BC Project Sponsor	CIO	Colin Wee
BC Project Manager	Finance Manager	Trevor Hart
BC Project Member	Marketing Executive	Jackie Clarke
BC Project Member	Telesales Manager	Vas Nikola
BC Project Member	Customer Svc Rep	Renata Astone
BC Project Member	Network Administrator	Chris Waltham

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Value Offering

IMW is a fulfillment center for alliance partners, each of which has extremely high buyer power in the reselling of IMW's services. IMW deals with complex information, requires constant innovation, and does not share the same economies of scale that was previously predicated by dotcoms concepts.

BIA (Business Impact Analysis)

Category I: Critical Functions

1. Telesales Team's processing of Life Insurance
 - a. Customer/vendor inquiries.
 - b. Customer/vendor sales.
2. IT Department's Systems
 - a. Broadband connectivity with Internet Service Provider.
 - b. IT Department's web hosting architecture.
 - c. IT Department's quotation software.
 - d. IT Department's CRM software.
 - e. PBX telecommunication ability.

Category II: Essential Functions

3. Executive Management's Functions
 - a. Business alliance account management.
 - b. Public relations campaign.
4. Telesales Team's Systems
 - a. Processing of General Insurance inquiries and sales.
 - b. Facsimile telecommunication with customer/end user.
 - c. Life closing sales processes.
5. IT Department's Systems
 - a. Updating of industry-specific software 'ActionQuote' generating General Insurance quotes once-a-month.
 - b. Web updates and management.
 - c. Corporate Systems management.
6. General and Administration Department's HR morale management

Category III: Necessary Functions

7. General and Administration Department's Systems
 - a. Office management activities.
 - b. Contract management for all employees.
8. Finance Department's management and activities of corporate funds.
9. Executive Management's steering of IMW.

Category IV: Desirable Functions

10. Executive Management's
 - a. Business development processes.
 - b. Legal compliance activities.
 - c. Business process engineering and improvement
 - d. Contract management.
 - e. Business acquisition activities.
11. Marketing Department's Systems
 - a. Marketing campaigns.
 - b. Product management.
 - c. Research and development.
 - d. Strategization.
12. IT Department's Systems

- a. Software development.
- b. Intrusion detection processes.
- c. Corporate data backup processes.

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Risk Inputs

Other Planning Outputs

- IMW does not have an enterprise-wide project management methodology. While the IT department follows a standard, this has not been adopted by the rest of the company, making some information transactions inefficient.
- Duration estimates for project completion are almost always aggressive, placing pressures on line staff and software developers.
- In the face of projected operations, IMW is staffed with a lean team. Considering the nature of the business, employees are rarely cross-trained and each brings in a unique skill set.

Historical Information

- The launch of the online B2C business could be considered a chain of failures, starting with a questionable hyped-up business concept, a rush to list, little financial control, and poor corporate governance.
- Senior management, structured differently from the organization chart shown below, does not demonstrate cohesion or alignment with each other.

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Sources of Risk

Sources of Risk	Prob.	Range of Outcomes	Expected Timing	Frequency of Events
Change in requirements of online software	0.2	Software engineers will have to modify/create modules. Dissatisfaction from IT Dept. Contracts readdressed. Retrain CSRs and stakeholders. Est. cost = \$40,000	> Mth 6	quarter
Changes in requirements of customer service representatives.	0.5	Retrain CSRs. Est. cost = \$5,000	> Mth 3	month
Changes in requirements of contractual agreements with customers.	0.1	Legal fees. Modification of marketing plan. Est. cost = \$8,000	> Mth 6	quarter
Changes in requirements of IT department	0.5	Make whole development team redundant. Hire new maintenance team. Explore outsourcing facilities. Est. cost = \$80,000	> Mth 12	once
Poorly defined roles and responsibilities between customer and IMW	0.2	Renegotiate contract. Legal fees. Retrain CSRs and stakeholders. Customer dissatisfaction. Quality diminishes. Consumer complaints. Est. cost = \$10,000	> Mth 6	quarter
Poorly defined roles and	0.3	Poor planning and	> Mth 6	quarter

responsibilities between IT and Marketing Department		communication disciplines. Customer dissatisfaction. Consumer dissatisfaction. Est. cost = \$20,000		
Poorly defined roles and responsibilities between Executive Management	0.2	Inefficient negotiations. Customer dissatisfaction. VC dissatisfaction. Financial losses. Est. cost = \$50,000	>Mth 3	half year
Poor estimate on financial projections	0.2	Customer dissatisfaction with cost/benefit. Retrain CSRs and stakeholders to be more proactive. Est. cost = \$30,000	> Mth 9	quarter
Poor estimate on operational capacity	0.4	Re-budget cost of operations. Hire new staff. Quality diminishes. Est. cost = \$30,000	> Mth 9	quarter
Poor estimate on software development	0.3	Raises management and customer expectations. Postpone launch of business. Financial losses. Est. cost = \$150,000	> Mth 6	half year
Poor estimate on market need	0.2	Financial losses. Marketing campaigns become erratic/illogical. VC dissatisfied. Exec management micro-manages. Est. cost = \$100,000	> Mth 3	every other month
Poor estimate on technology need	0.3	Little allocated budget to technology. System becomes less than reliable. Est. cost = \$40,000	> Mth 1	quarter
Insufficient skilled insurance sales staff	0.3	Use technology to change production mix. Est. cost = \$20,000	> Mth 12	half year
Insufficient skilled IT staff	0.2	Explore outsourcing development or hosting. Est. cost = \$40,000	> Mth 9	quarter

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Potential Risk Events

Sources of Risk	Prob.	Range of Outcomes	Expected Timing	Frequency of Events
Software Engineer Manager Paul Beresford may resign	0.1	Hire a new senior software engineer to be trained. Est. cost = \$30,000	> Mth 9	quarter
Power outage in Perth CBD	0.05	Unable to perform necessary functions for out-of-stage customers. Customers' confidence in IMW drops. Est. cost = \$10,000	> Mth 1	month
Global-level Internet outage dropping capacity between WA and Eastern States	0.1	Unable to perform necessary functions for out-of-state customers. Customers' confidence in IMW drops. Est. cost = \$10,000	> Mth 1	Quarter
Major Kings park fire (close to CBD and IMW)	0.05	Unable to perform necessary functions for out-of-state	> Mth 3	Once

		customers. Customers' confidence in IMW drops. Est. cost = \$100,000		
Denial of Service Attack	0.01	Unable to perform necessary functions for customers. Customers' confidence in IMW drops. Est. cost = \$50,000	> Mth 1	Once
Corporate database malfunctions	0.05	Unable to perform necessary functions for customers. Customers' confidence in IMW drops. Est. cost = \$100,000	> Mth 1	Once
Infrastructure breakdown of Mt Newman House (IMW HQ)	0.01	Damage to all corporate equipment. Unable to perform necessary functions. Est. cost= \$750,000	> Mth 1	Once

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Risk Symptoms

These are “indirect manifestations of actual risk events” (PMI 1996 p114) that could portend to that risk happening.

Sources of Risk	Symptoms
Change in requirements of online software	IMW's quote doesn't seem to be complementing the existing line of products or end user's need.
Changes in requirements of customer service representatives.	CSRs scramble to deal with unique requests frequently.
Changes in requirements of contractual agreements with customers.	Customers call IMW management back to the negotiation table more than necessary or make it difficult for IMW to arrange meeting schedule.
Changes in requirements of IT department	IMW management continues innovative negotiations with customers without coordinating with CIO or understanding IS implications.
Poorly defined roles and responsibilities between customer and IMW	End user complaints. Processes are not completed.
Poorly defined roles and responsibilities between IT and Marketing Department	Marketing campaigns dependent on coordination with IT facilities go awry.
Poorly defined roles and responsibilities between Executive Management	Lack of clear decisions or management calls.
Poor estimate on financial projections	Revenues do not match projections.
Poor estimate on operational capacity	Staff workloads increase/decrease exponentially; morale follows.
Poor estimate on software development	Staff workloads increase/decrease exponentially; morale follows.
Poor estimate on market need	Unable to convert potential alliances.
Poor estimate on technology need	Management shows lack of agreement with CIO's suggestions.
Insufficient skilled insurance sales staff	Hard to hire talented staff.
Insufficient skilled IT staff	Hard to hire talented staff.
Software Engineer Manager Paul Beresford may resign	Behavioral or attitudinal changes.
Power outage in Perth CBD	NA
Internet outage worldwide dropping capacity between WA and Eastern States	NA
Major Kings park fire (close to CBD and IMW)	NA
Denial of Service Attack	NA
Corporate database malfunctions	NA

Infrastructure breakdown of Mt Newman House (IMW HQ)	NA
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EMV

Sources of Risk	Prob.	Outcomes	Expected Timing	Frequency of Events (mths)	Expected Monetary Value of Event	Total EMV per year
Change in requirements of online software	0.2	40000	> Mth 6	3	8000	32000
Changes in requirements of customer service representatives.	0.5	5000	> Mth 3	1	2500	30000
Changes in requirements of contractual agreements with customers.	0.1	8000	> Mth 6	3	800	3200
Changes in requirements of IT department	0.5	80000	> Mth 12	once	40000	40000
Poorly defined roles and responsibilities between customer and IMW	0.2	10000	> Mth 6	3	2000	8000
Poorly defined roles and responsibilities between IT and Marketing Department	0.3	20000	> Mth 6	3	6000	24000
Poorly defined roles and responsibilities between Executive Management	0.2	50000	>Mth 3	6	10000	20000
Poor estimate on financial projections	0.2	30000	> Mth 9	3	6000	24000
Poor estimate on operational capacity	0.4	30000	> Mth 9	3	12000	48000
Poor estimate on software development	0.3	150000	> Mth 6	6	45000	90000
Poor estimate on market need	0.2	100000	> Mth 3	2	20000	120000
Poor estimate on technology need	0.3	40000	> Mth 1	3	12000	48000
Insufficient skilled insurance sales staff	0.3	20000	> Mth 12	6	6000	12000
Insufficient skilled IT staff	0.2	40000	> Mth 9	3	8000	32000
Software Engineer Manager Paul Beresford may resign	0.1	30000	> Mth 9	3	3000	12000
Power outage in Perth CBD	0.05	10000	> Mth 1	1	500	6000
Internet outage worldwide dropping capacity between WA and Eastern States	0.1	10000	> Mth 1	3	1000	4000
Major Kings park fire (close to CBD and IMW)	0.05	100000	> Mth 3	once	5000	5000
Denial of Service Attack	0.01	50000	> Mth 1	once	500	500
Corporate database malfunctions	0.05	100000	> Mth 1	once	5000	5000
Infrastructure breakdown of Mt Newman House (IMW HQ)	0.01	750000	> Mth 1	once	7500	7500

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Opportunities to Ignore, Threats to Accept in Horizon One

No	Description
1	Changes in requirements of contractual agreements with customers.
2	Poorly defined roles and responsibilities between customer and IMW
3	Poorly defined roles and responsibilities between IT and Marketing Department
4	Poorly defined roles and responsibilities between Executive Management
5	Poor estimate on financial projections
6	Insufficient skilled insurance sales staff
7	Software Engineer Manager Paul Beresford may resign
8	Power outage in Perth CBD

9	Internet outage worldwide dropping capacity between WA and Eastern States
10	Major Kings park fire (close to CBD and IMW)
11	Infrastructure breakdown of Mt Newman House (IMW HQ)

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Incident Response Personnel

Similar to MIT's BC Plan, IMW separates the BC Organization into an Administrative Steering Committee and a Business Continuity Incident Response Team. Each Executive-in-charge has a second-in-charge (2IC).

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Administrative Steering Committee

Executive	2IC	Description
D. Rich	T. Wise	Oversees the recovery effort. Coordinates communication between executive management steering recovery effort and managing business continuity needs.
C. Wee	C. Rimi	Coordinates recovery of all information systems.
T. Wise	V. Nikola	Coordinates recovery of all operational systems.

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Business Continuity Incident Response Team

IC	2IC	Description
W. Blakeney	J. Bayer	Manages major stakeholder relationships.
J. Bayer	E. Barboutis	Manages public relations campaign. Liaison to insurance providers and claims adjusters.
R. Wegener	A. DiPietro	Provides computer network recovery and support, and telecommunications recovery.
P. Beresford	T. Laurin	Manages corporate information systems recovery, support, and online communication links between staff and stakeholders.
B. Lebens	C. Waltham	Manages domains, web updates, and user interfaces.
J. Poupal	S. Boland	Manages physical infrastructure needs and logistics for staff. Coordinates communication between staff and transportation.
V. Nikola	R. Boyle	Manages business-as-usual performance of the telesales team, or adapts performance to meet nominal standards.

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Risk Response Development

No	Sources of Risk	Proposed IMW Response	Techniques for Risk Response Development
1	Change in requirements of online software	Mitigate	Procurement: Cannot procure since software proprietary. Contingency: Use a 'smart manual' approach to operations. Alternatives: Ensure scoping requirements are clear and executive management are briefed on technology implications. Insurance: Policy will not cover such events.
2	Changes in requirements of customer service representatives.	Mitigate	Procurement: Cannot procure since training is low involvement. Contingency: Train in batches. Monitor progress. Alternatives: Ensure operational and IT managers in charge of value chain analysis and proposals. Insurance: Policy will not cover such events.
3	Changes in requirements of IT department	Acceptance	Procurement: New maintenance team/rehire appropriate personnel. Contingency: Engage in career planning. Redundancy packages. Alternatives: Start a new E-business consulting service.

			Insurance: Policy will not cover this.
4	Poor estimate on operational capacity	Mitigate	Procurement: Communications technology to help with workflow and prioritization of customer servicing. Contingency: Use contract staff. Alternatives: Ensure operation managers involved in high-level strategization and proof-of-concept. Insurance: Policy will not cover this.
5	Poor estimate on software development	Mitigate	Procurement: Software is proprietary. This will not help. Contingency: Aggressively prioritize. Monetary incentivization. Alternatives: Expand team with contractors. Brief executive management on negotiation parameters. Legally protect ourselves using terms of contract. Insurance: Policy will not cover this.
6	Poor estimate on market need	Mitigate	Procurement: Purchase marketing auditing services. Contingency: Engage financial controls to decrease losses. Alternatives: Engage in more active marketing research. Insurance: Policy will not cover this.
7	Poor estimate on technology need	Avoidance	Procurement: Systems to ensure redundancy of corporate systems. Contingency: Use workarounds or backup/redundant systems. Alternatives: Outsource hosting services to ESP. Insurance: Use policy to cover losses due to systems failure.
8	Insufficient skilled IT staff	Mitigate	Procurement: Hire IT HR from overseas. Contingency: Reduce portfolio of projects. Alternatives: Outsource to other companies or countries. Insurance: Policy will not cover this.
9	Denial of service attack	Avoidance	Procurement: Coordinating alternate internet connection and web hosting services offsite. Contingency: Engage plan for customers to switch to alternate IP address. Alternatives: No alternatives to this. Insurance: Policy can cover loss of business from this event.
10	Corporate database malfunctions	Avoidance	Procurement: Systems to ensure redundancy of db systems. Contingency: Use workarounds or backup/redundant systems. Alternatives: No alternatives since all machines can fail. Insurance: Use policy to cover losses due to systems failure.

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Requirements for Emergency Response

No	Description	Nominal Requirements			IC
		Business	Technical	Logistical	
1a	Telesales customer inquiries	Ability to communicate with customer by any voice system and email.	Analog lines with dialup connection. One networked PC per team of two. One email address per team of two. Networked printer.	One line per sales representative. Hardcopy workaround sheets to capture customer information.	VN
1b	Telesales customer sales	Ability to communicate with customer by any voice system and email.	Analog lines with dialup connection. One networked PC per team of two. One email address per team of two.	One line per sales representative. Hardcopy workaround sheets to capture customer information.	VN
2a	IT broadband connection to ISP	Allow stakeholders to access IMW's backup systems as needed.	DSL upstream connection of 512kbps with static IP.	Bring information systems to point of broadband connection.	RW

2b	IT webhosting architecture	Provide backup enterprise software online.	Assembled boxes for each server needed. Switch domain name over to temporary server.	Local area network and UPS to tie systems together.	RW
2c	IT's quotation software	Provide quotation ability to telesales team and customers (no public access to consumers).	Provide appropriate IP address to telesales staff.	Record all transactions that occur through this and CRM software.	PB
2d	IT CRM software	Provide CRM ability to telesales team and customers (no public access to consumers).	Use backed up corporate data correct from 24 hours ago. Requires tape drive.	Record all transactions that occur through this and quotation software.	PB
2e	IT PBX facilities	Specifically to allow communication between telesales operators, stakeholders, and customers.	Sub PBX facilities where appropriate calls can be routed and recorded. Minimum of 5 lines per phone.	One phone per telesales operator.	RW
3a	EMG business alliance management	Liaise between stakeholders to coordinate business functions and relationships.	One cellular phone line for IC, one email, and web page (pwd protected with domain) for updates.	One personal assistant to handle phone messages and emails.	WB
3b	EMG PR Campaign	To engage in aggressive PR campaign to manage media relations.	Word processing ability on PC, dialup internet connection, and fax facilities.	Requires pre-prepared PR campaign kit. Record all transactions (in/out).	JB
4a	Telesales processing GI inquiries/sales.	Ability to communicate to consumer through email.	Piggyback on established email facilities above.	One line per sales representative. Hardcopy workaround sheets to capture customer information.	VN
4b	Telesales fax facilities	Ability to communicate information to consumers that have fax but no email.	Virtual fax number to receive faxes. PC fax/modem card and scanner, or analog fax for outgoing faxes.	Set equipment up next to telesales team.	RW
4c	Telesales life closing processes	Ability to send out appropriate collateral to consumers.	One networked PC per team of three.	Hardcopy materials storage. Working tables. Envelops. Stamps. Checklists.	VN

5a	IT updating third party software ActionQuote	Maintain general insurance data current to two weeks.	Requires floppy disk drive in backup ActionQuote server.	Re-route ActionQuote updates to new mailing address.	PB
5b	IT web management	Use web platform to update personnel, stakeholders and public.	Reroute DNS to new IP address, and to manage all external domains.	Liaise with D.Rich/J.Bayer on all updates.	BL
5c	IT corporate systems management	To provide full network services to all personnel (at either local hotspot or remote).	To establish full network capabilities with minimal systems.	To consolidate backup systems, and engage procurement strategy.	RW
6	G&A HR morale management	To ensure staff do not burn out, and perform optimally despite crisis.	Email account. Word processing facilities.	To meet with all staff at least once a week to gauge performance.	JP

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Recognizing an Incident

Specific criteria for declaring a disaster:

- ✓ When no more than 50% of telesales operators potentially have the ability to handle inquiries or close a sale.
- ✓ When staff cannot physically access IMW's office infrastructure housed at Mt Newman House in the Perth metropolitan area.
- ✓ When IS architecture is damaged, is not able to function along normal parameters, and cannot be brought back online within 3 hours.
- ✓ When telecommunication systems fail and are not online within 1 hour.

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Force Field Diagram

On the assumption that the BC Plan is a ratified IMW project, IMW has to choose between using internal or external resources to handle requirements. In our "Force Field Diagram" (Wilcox 2002 u6 p15) analysis, driving forces will be for the use of internal resources, and restraining forces will be for the use of external resources.

Forces Affecting the Decision to Use Internal Resources	
Driving Forces →	←Restraining Forces
<ol style="list-style-type: none">1. Executive Management historically hasn't been aggressive with capital investment; they're now on a campaign to 'cut costs'.2. Executive Management hasn't demonstrated much enthusiasm for corporate governance disciplines.3. Venture funds have been budgeted for expansion purposes and VCs are anxious to see progress.4. Access to pockets of infrastructure that can be used for cheap, if need be.5. Intermittent overcapacity occurs in some departments; internal resources always cost less dollars.6. Unproven business model; management is still being conservative.	<ol style="list-style-type: none">1. Going for an aggressive world first to extend financial products to business partners.2. Availability of systems is key to building a solid brand name.3. CIO/CTO trying to establish a separate IT business consulting division.

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Internal Resource Options

Internal Resource Options	Possible Strategy
Multiple Data Centers	IMW could possibly move the IT department out from the ground floor and into more inexpensive premises out of the CBD, and outfit the new location with nominal business systems that can easily be used in a disaster recovery situation.

Distributed Processing	IMW can use the ‘pockets of infrastructure’ they have access to, to establish a very inexpensive and ‘resourceful’ BC plan with equipment housed at an offsite location.
Backup Telecom Facilities	IMW can build redundancy of telecommunication looking at other paradigms of linking with ISPs and telcos. This could serve well for both voice and data requirements, but could introduce a huge expense in relation to the amount of business IMW is conducting.
Local Area Networks	“Direct access data storage” (McNurlin et al 2002 p268) farms can be created and can sit on IMW’s local area network. However, this is not immune to risks that affect Mt Newman House.

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Testing of Plan and Schedules

Schedules and Milestones

If the initiation occurs on 2nd October 2000, and assuming that all proceeds without interruption, the project should close out after one and a half calendar months (see ‘[Appendix: BC Schedule](#)’). This is subject to any No/No-Go approval delays, and IMW’s current portfolio of work. The table below details the major milestones.

29	Controlling Processes	40 days	Tue 10/17/00	Tue 12/12/00	
30	Milestone 1: Presentation of BCP Objectives and Methodology	1 day	Tue 10/17/00	Wed 10/18/00	8
31	Milestone 2: Presentation of Risk Mitigation Tactics	1 day	Wed 11/1/00	Thu 11/2/00	12
32	Milestone 3: DR Tactics	1 day	Mon 11/6/00	Tue 11/7/00	13
33	Test Systems Architecture	1 day	Thu 11/30/00	Fri 12/1/00	26
34	Milestone 4: Presentation on Mobilization Exercise	1 day	Thu 12/7/00	Fri 12/8/00	40
35	Milestone 5: Presentation on Follow Up Schedule	1 day	Mon 12/11/00	Tue 12/12/00	42,43

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Open Mobilization

Testing of the system during the Pilot stage of the project will entail coordination with one business alliance, selecting a test group of IMW’s CSRs, deploying them to the remote hotspot, and conducting test of the BCP systems with normal workloads, simultaneous with teams undergoing normal operating standards. Monitoring will be done by objective observers and feedback from the team debrief will be critical in fine-tuning the BC plan.

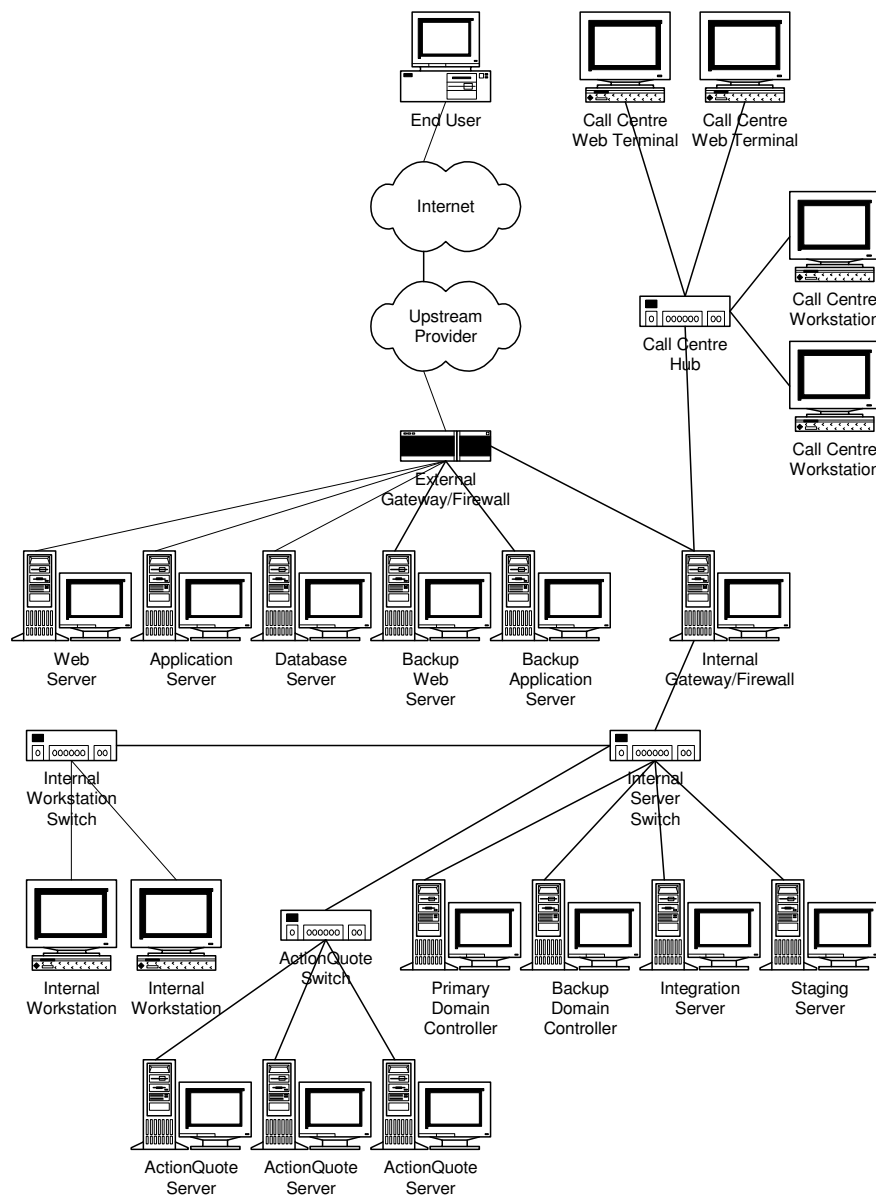
Debrief and Lessons Learned

Critical to the fine-tuning of the plan, observers will be measuring the effectiveness of each line item of the Business Continuity Plan, the ease of understanding instructions, the use of the document, clarity of the roles, and other environment forces which will shape the delivery of quality service to customers and end users.

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Current Systems Architecture

The network below is in a locked room housed at Mt Newman House in Perth City, connecting to the Internet by a 2Mbyte pipe. It allows hosting of IMW's website using an "application server architecture" (McNurlin et al 2001 p297). It also supports IMW's intranet connecting the call center hub and other internal workstations. The 'ActionQuote' servers house an industry-specific quotation software allowing IMW's website to generate quotes for general insurance. Due to the increasing importance of system availability to IMW's B2B model, the redundancy of the network has to be improved by the immediate addition of a backup Internet connection (from a different provider) and a database server.



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Capacity of Backup System

Assuming that Average Round Trip Time is 345ms, Total Kb up and down stream is 60Kbps, and the servers are sitting on a 512Kbps pipe, the backup system can support up to 11 simultaneous requests per second. Therefore, if a sales consultant makes a request, which takes the server 2 seconds to comply, generating approximately 50Kb worth of information, it would take 2.022 seconds to return a response. The setup could support approximately 20 simultaneous connections without degradation to the service. Considering that this system is only to restore critical systems in the least amount of time, and that processing ability should revert to normal with the recovery operations, such performance is more than adequate given the number of sales representatives that require concurrent access of the system.

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BC Schedule

Project Start Date: Mon 10/2/00

Project Finish Date: Tue 12/12/00

ID	Task_Name	Duration	Start_Date	Finish_Date	Predecessors
1	Initiating Stage	11 days	Mon 10/2/00	Mon 10/16/00	
2	Scoping Document	3 days	Mon 10/2/00	Wed 10/4/00	
3	Presentation to Board	1 day	Thu 10/5/00	Thu 10/5/00	2
4	Approval	5 days	Fri 10/6/00	Thu 10/12/00	3
5	Gather Team Members	2 days	Fri 10/13/00	Mon 10/16/00	4
6	Planning Stage	16.7 days	Tue 10/17/00	Wed 11/8/00	
7	Understanding BCP Objectives	0.2 days	Tue 10/17/00	Tue 10/17/00	5
8	Mapping BCP Methodology	0.5 days	Tue 10/17/00	Tue 10/17/00	7
9	Evaluating Threats	2 days	Wed 10/18/00	Fri 10/20/00	30,8
10	Evaluating Business Impact Analysis	4 days	Fri 10/20/00	Thu 10/26/00	9
11	Finalizing Outputs from Risk Identification	2 days	Thu 10/26/00	Mon 10/30/00	10
12	Risk Mitigation Tactics	2 days	Mon 10/30/00	Wed 11/1/00	11
13	Incident Response Strategies	2 days	Thu 11/2/00	Mon 11/6/00	31,12
14	Disaster Recovery Tactics	2 days	Mon 11/6/00	Wed 11/8/00	13
15	Execution Stage	43.7 days	Mon 10/2/00	Thu 11/30/00	
16	Administrative Functions	33.7 days	Mon 10/2/00	Thu 11/16/00	

17	Documenting the BC Plan	3 days	Wed 11/8/00	Mon 11/13/00	7,14
18	Documenting the BC Organization	1 day	Mon 10/2/00	Mon 10/2/00	
19	Documenting Incident Identification	2 days	Mon 10/2/00	Tue 10/3/00	
20	Documenting DR Tactics	5 days	Mon 10/2/00	Fri 10/6/00	
21	Edit Final Article	3 days	Mon 11/13/00	Thu 11/16/00	17,18,19,20
22	Technical Functions	16 days	Wed 11/8/00	Thu 11/30/00	
23	Build Backup Systems	7 days	Wed 11/8/00	Fri 11/17/00	14
24	Initiate Data Backup Schedule	1 day	Fri 11/17/00	Mon 11/20/00	23
25	Establish Machines at Remote Site	3 days	Mon 11/20/00	Thu 11/23/00	24
26	Apply for ADSL Connection	5 days	Thu 11/23/00	Thu 11/30/00	25
27	Document DR Tactics for IT/IS Implications	5 days	Mon 11/13/00	Mon 11/20/00	7,17
28	Touch Base with Vendors on Requirements	3 days	Mon 11/20/00	Thu 11/23/00	27
29	Controlling Processes	40 days	Tue 10/17/00	Tue 12/12/00	
30	Milestone 1: Presentation of BCP Objectives and Methodology	1 day	Tue 10/17/00	Wed 10/18/00	8
31	Milestone 2: Presentation of Risk Mitigation Tactics	1 day	Wed 11/1/00	Thu 11/2/00	12
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34	Milestone 4: Presentation on Mobilization Exercise	1 day	Thu 12/7/00	Fri 12/8/00	40
35	Milestone 5: Presentation on Follow Up Schedule	1 day	Mon 12/11/00	Tue 12/12/00	42,43
36	Pilot stage	4 days	Fri 12/1/00	Thu 12/7/00	
37	Select Individuals for Mobilization Exercise	1 day	Fri 12/1/00	Mon 12/4/00	33,21
38	Brief All Affected on	1 day	Mon 12/4/00	Tue 12/5/00	37

	Roles				
39	Deploy Team to Remote Site to Test	1 day	Tue 12/5/00	Wed 12/6/00	38
40	Debrief Team	1 day	Wed 12/6/00	Thu 12/7/00	39
41	Closing Processes	3 days	Thu 12/7/00	Tue 12/12/00	
42	Modify Plan with Feedback from Exercise	1 day	Thu 12/7/00	Fri 12/8/00	40
43	Create an Evaluation Schedule	1 day	Fri 12/8/00	Mon 12/11/00	42
44	Write Project Closing Report	1 day	Mon 12/11/00	Tue 12/12/00	43

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Speed of System

Round Trip Times			Total KB
Minimum	Average	Maximum	Up/Down Stream
340	345	351	60Kbps

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Budget Workings

<i>Cost by Tasks and Stages (not including HR)</i>	Payment Milestones	Total by Stage
Stage 1: Pilot		\$5,000
Scoping Document Consultation Fees	\$5,000	
Stage 2: Planning		\$10,000
Mapping BCP Methodology Consultation Fees	\$10,000	
Stage 3: Executing		\$17,000
Document Editing Consultation Fees	\$5,000	
Equipment and Connection Expense	\$12,000	
Stage 4: Controlling		
Stage 5: Pilot		\$5,000
Audit on Mobilization Exercise Consultation Fees	\$5,000	
Stage 6: Closing		
Total		\$37,000

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Grimoldi's Factors

No	Determining Critical Success Factors	Importance to IMW (1 – least, 5 – most).
1.	One-size-first-all	2
2.	Deficiencies in testing	5
3.	Inadequate maintenance	4

4.	Lack of senior management involvement	2
5.	No enterprise wide accountability	2
6.	Operations take a backseat to technology	1
7.	No clear leadership structure	1
8.	Rash cost-cutting campaigns	5

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PR Efforts During a Crisis

... with a BC Plan	... without a BC Plan
News feeds will be measured, and can draw from prepared templates.	Senior executives will have to hammer out hastily prepared messages that may not have corporate perspective or the nuances of any recovery efforts.
Media-trained executive can deliver the message.	Some senior executive will be appointed to face off the media.
PR initiative will be a collective dealing with several groups of publics and industry players.	Any effort will be limited to the most easily accessible or the largest majority, clearly limiting the effect of the communiqué.
Executives will feel empowered knowing that there is a plan to fall back on.	Executives may inadvertently allow the stress of the situation to show if no backup is in order.

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Testing the PR Machine

If we look at marketing campaigns as unique projects, we can in fact use project management methodologies to guide such our efforts. Therefore, the testing or auditing of the PR machine should begin at once on all marketing- or business-related efforts.

With proper project closing processes, each marketing campaign or business deal can be audited in terms of alignment to corporate objectives, effectiveness of marketing tactics, and the affects of communiqués on public relations. Documenting this information will be the “Project Final Report” (Meredith et al 2000 p557).

The document will be an adequate training aid and will imbue IMW with a “memory ... [of] the history of the project” (Meredith et al 2000 p557). According to Meredith et al (2000 p 558), the report should include: project performance, administrative performance, organizational structure, project and administrative teams, and technique of project management. For our specific use we can also include PR Lessons Learned.

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Acronyms Used

B2B	
BC	Business Continuity
BCP	Business Continuity Plan
CBD	Central Business District
CSR	Customer Service Representative
DR	Disaster Recovery
DoS	Denial of Service
EMG	Executive Management Group
IMW	Insurance My Way Ltd
IP	Internet Protocol
IT	Information Technology
ISP	Internet Service Provider
PM	Project Management or Project Manager
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
TCP/IP	Transmission Control Protocol or Internet Protocol

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