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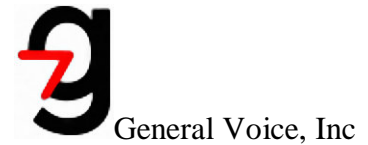
9:12:14 -- Lynnda_Nelson: [Good Morning I would like to welcome you all here to our panel discussion on organizational resilience. Offered by the International Consortium for Organizational Resilience or ICOR as we like to call it. We would like to thank Polytechnic University for hosting this event and for providing us with the facilities and we would also like to thank General voice Inc. for taping this event and I'm going to introduce Phil Roettjer the Vice President of Business Development to tell us a little bit about General Voice.

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9:12:47 -- Phil_Roettjer: [Thank you Lynnda. Just a couple words about General Voice. It's a company focused on applications of voice technology and what we're using, the product we are using here today is a product for conferencing. We can do conferencing in either a conference room like this or we can do it over the Internet. And so this one application of the product that we are using here today and will be recording the conference and so there will be a voice recording available after the session, and there will also be a text transcript. Our software provides text transcript transcription and we're not going to be doing the text on the fly, and the product has the capability of doing that but we're going to be doing it after we get back we'll generate the text transcript. We did that primarily because occasionally some delays in the responsiveness and so were we were just going to post process it, and that will work fine. But this is just one application of the product and this is for us it's, it gives us some experience in terms of how this is going to be applied and how it will be used and so we will try to be not obtrusive so it will just be something that is on the sideline as your as you doing your panel discussion. Thank you.]

9:14:10 -- Lynnda_Nelson: [We will go ahead and get started, I would like to introduce Stewart Kline he is the associate director for the urban security initiative at Polytechnic University. He is a member of NYC Department of buildings model code committee and was on the executive committee for the for the Griffiths Institute for cyber assurance. Prior to this he was the man a management consultant and project manager working nationally and internationally with manufacturing and financial Institutions evaluating and developing processes and procedures.

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9:14:49 -- Stewart_Kline: [no recognized text

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9:14:57 -- Lynnda_Nelson: [He has managed implementations of multi-million dollar technology projects. As the owner of his own consulting practice he developed strategies for companies to harness technology to improve operational efficiency and bottom line performance. Thank you Stewart Kline for moderating this event.]

9:15:23 -- Stewart_Kline: [Thank you Lynnda and thank you ICOR and welcome to everybody to Polytechnic University. The first thing I'm going to do on the agenda is going to introduce all of the panelists so that we know what their backgrounds are and have some idea about their expertise. The first person is Don Byrne he's a CPCP and his company is North River Solutions. Don is as a successful entrepreneur former venture capitalist and investment banker. Don Byrne has been the CEO of several high technology and financial service companies, a frequent speaker at industry events. Don is the author of articles on technology, business operations and general management. A certified business continuity planner he has spent much of the past 30 years working in the fields of disaster recovery, emergency management, and operational resiliency. He is the founder and managing director of the consulting firm North River Solutions Inc. His industry experience includes financial services, manufacturing, healthcare, transportation, and shipping, engineering, and software development and wholesale distributors. His current area of interest is the interplay between regulatory compliance and business continuity planning. The next person we'll introduce is Marc Denker. He is with the New York State liquidation bureau. While serving as deputy director of governmental relations for the New York City economic development Corporation Marc was assigned to rescue and recover operation had assigned to rescue and recovery operation at pier 92 and Ground Zero after the events of September 11th. After rescuing recovery operations halted Marc was tasked with helping business located within the restricted areas resume business operations. As a result of Marc's efforts he was the first to hold the appointed position of director of business continuity and emergency management for New York City Economic Development Corporation. Marc now works for the New York State liquidation bureau as a business continuity and emergency management specialist and consults for Thinker Consulting Inc. a threat in risk assessment consulting firm. The next person that I am going to introduce is Betty Gravois an MBA, NBCI and with New York Life. Betty Gravois is an assistant vice president in the business resilience Department of New York Life Insurance Company. She has over 30 years in the insurance financial services industry with focus over the last 12 years in business continuity planning initiatives. Miss Gravois us is certified by the business continuity Institute and has been a speaker at several conferences. She serves on the BCI standards committee, the DRII and DRJ glossary committee as the BCI liaison and the joint review committee for BCI DRII for professional standards. In 2005 Ms. Gravois us was inducted into the CPA CPM Hall of Fame in the practitioner category. Jim Nelson, NBCP, James Nelson is the president of business continuity services Inc. A consulting firm specializing in providing business continuity, disaster recovery, and crisis management training and consulting. While Jim served as the lead instructor for DRI International from 2002 to 2006 BCS developed DRII's complete BCLE curriculum and trained their instructors.



9:19:35 -- Stewart_Kline: [no recognized text

9:19:52 -- Stewart_Kline: [A the education director of the Northern Illinois Chapter of the Association of contingency planners ACP is a member of the international Association of emergency managers IAEM and is certified by DRII as a master business continuity professional. This makes up our panel for this morning. As we look at assessing the organizational resilience the first thing that we need to do is to understand the definition. So a resilient organization is one that can achieve its core objectives in the face of adversity. Being resilience is more than having a contingency plan. This morning we will discuss designing resilience into your organization, into your management of people, places, infrastructure and work processes so your organization can bounce back from any kind of setback. So Jim maybe you can give us some idea of what is organizational resilience?

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9:21:6 -- Jim_Nelson: [The view of ICOR is we need to look at the entire community in which we live and work. It's not really about having just a contingency plan or a disaster recovery plan or crisis management plan or an emergency evacuation plan. We need to reach out into the organization and community, one organization, no group is an island, you need to reach out, talk, with the other organizations. When we say organizations it's beyond business, it's also government agencies, faith-based organization, churches, libraries, all of those constituencies organizations that make up a community in which we live and work including schools. This morning we'll talk about discussing resilience in your specific organization but will also explore the dependencies between organizations and how we need to collaborate.]

9:22:21 -- Don_Byrne: [Yeah thanks for here today Stu, I want to echo a lot of what Jim has just said. I think one of the things that is attractive about the ICOR model is that it's a multi-discipline holistic approach towards the issue of resiliency. Resiliency is a state of art in my way of viewing it. It's a place that an organization moves to. Business continuity planning, risk management, emergency management, crisis communication, all of these other areas are the how, business organization resiliency is the what, what do you want to achieve and the sub disciplines are ways of telling you how to get there. And, one of the things as I said that I really appreciate about the ICOR model is that it's really the first one that's trying to take a holistic view and it's looking across these individual silos and to try to come up with a unified model of looking at these issues. And so many times we see that in organizations, the left hand doesn't know what the right hand is doing, HR doesn't know what finance is doing, finance doesn't know what OPS is doing and your going to have a fragmented, fractured approach to organizational resiliency unless from a leadership standpoint and from a corporate standpoint you really unify these things and take one approach, one view. So, from my standpoint as I said before business continuity is really, a how, it's a tactic, it's an approach, it's a program, really driving towards the overall goal which is organizational resiliency.

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9:23:57 -- Betty_Gravois: [Yes thank you, business continuity is the cornerstone that most companies start with, where they're trying to marry a disaster

recovery and business needs and many companies are still kind of stuck in that stage. At New York Life we've taken probably one of the steps to move us pass that in that I actually work for the business resilience department. What we've done there is we've taken a few disciplines that you've mentioned but not all of them but it's a starting point to creating this resilience. So what we've done is under the business resilience department we have records management, our incident management and our business continuity and recovery. And we have key roles in liaison in with the areas of the other area to mention such as HR, corporate services, and some of those other departments that tend a work in silos and to create the dialog that you need in order to create a resilient business in understanding what within an organization everybody's doing. We are also taking steps to our reach out into our community to our police depart, our fire department. We have good relationships with NYC office of Emergency Management. So we are taking those steps but obviously I think we are at early stages but in many sense I think we are at the front of the pack in relation to other companies in making this attempt.

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9:25:25 -- Stewart_Kline: [Thank you and Marc maybe you can give us a public-sector view of this.

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9:25:40 -- Marc_Denker: [Those are all the excellent definitions so I'll just strip it down to what I usually tell people when we provide education courses in house. And that is business continuity is the plan, organizational resiliency is the ability to adapt and evolve your plan in the face of external issues and events that would impact the plan, and it's those at the evolution and that adaptation which allows you to move beyond the plan into a resiliency and resiliency model.

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9:26:8 -- Marc_Denker: [If we have time for a quick example, after the events of 9/11 we lost our emergency operations center and as the reality of the situation was unfolding, we immediately set up another command center at the police academy, and as we were laying the foundation for the emergency operations center at the police academy we realized the enormity of the situation, was beginning to grow beyond the borders of the World Trade Center site into the civilian infrastructure as well as the business community. As we were laying the foundation for the command center at the police academy we were also laying the foundation for a family center at the armory and knowing that was not going to work, we called in the best and brightest from all the civilian agencies within the city as well as well as our private sector partners and we built two additional facilities per 92 and 94 all at the same time all laying the foundation for 24 by 7 operations this could not have been done in an isolated environment is only could have been because to the ability of New Yorkers in the public and the private sectors working together and understanding the enormity of the situation.

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9:27:30 -- Stewart_Kline: [Thank you, is resiliency than an end state or process? Don could you comment please?



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9:27:45 -- Don_Byrne: [Interesting question. I think it's analogous to what we have all experienced in the nineties in terms of the concept of quality. We were told in the nineties that quality was not an end goal it had to be embedded in an organization, it became the way in which we designed our products, we designed our processes, the way in which we handled customer service and many other areas. I think the same is true and I think it is very analogous for organizational resiliency you want to or you you will know that your organization is moving towards achieving a state of resiliency when everybody from the receptionist on up through the organization begins building their, their processes, organizes their day, organizes their output around the concept of can I survive a crisis, can I survive an interruption. How do I keep the organization flowing, and unless you have this mindset that this is something that is my responsibility, it's not laid off to another department, it's not the responsibility of the BCPT team that it's up to me to make sure that our organization keeps functioning regardless what happens. That's really what organizational resiliency is about in an organization and we know that organizations morph and change and they evolve, people come and go, businesses change, so it's really, it's an ongoing education process and so I would argue that it's really a process, it's not an end state.]

9:29:4 -- Stewart_Kline: [Thank you, Betty could you comment on this please?]

9:29:13 -- Betty_Gravois: [Yes I would say I would agree in my experience both as a consultant and working for a corporate entities is that this is a process. You could if you could define the perfect state its to overwhelming to implement so what you have to do is you have to break it down into bite size pieces and let people move through. So if they can understand their own business and their own interdependencies then they can take the next steps without that having reached a perfect state and begin to look outside of themselves and look at the dependencies and what's around them and pull that into their planning and their strategy. So I absolutely agree that this is a process.]

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9:30:3 -- Stewart_Kline: [Thank you, then how can organizations achieve resilience Marc maybe you can give us some thoughts.]

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9:30:15 -- Marc_Denker: [Thank you. Organizations need to I believe look beyond the operating committee, look beyond the executive of the executive level then to look within the whole organization and tap upon the strengths upon all the individuals working within either their agencies or within their corporation. In the case of my present agency we sat down and we spoke with individuals. Did they feel comfortable with responsibilities regarding business continuity crisis management keeping in mind these are not professional business continuity, not professional emergency management people they're not first responders their civilians and there are accountants and lawyers and there are those who are going to be able to rise to the occasion to work under a very stressful environment and there are going to be those who can't and the great thing about Seeing and having a conversation with individuals as you'll find out who can and who can't and sometimes the best

people you have are the old Marine who spent 20 years as a quartermaster working in your file room who has this untapped knowledge and expertise in logistics who you never would have looked at because you limit yourself to the operating committee or to the executive level. So you need to go beyond the suits, you need to look at every individual within your organization. You will be surprised about the talent you'll find there.]

9:31:42 -- Stewart_Kline: [no recognized text

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9:31:42 -- Stewart_Kline: [No recognized text

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9:31:47 -- Don_Byrne: [Mark can I ask you a question and follow up, what did you find in terms of an education need? Did people have a good understanding of what business continuity was and resiliency, or did you, as you went through this dialog did you find that there was a different view? Did people sort of have a common understanding when you brought them together?

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9:32:4 -- Marc_Denker: [

They did have Understanding after the events of September 11. That event educated people and that they know they needed to do something in the event that this should happen again and for while after the events of 9/11 we were all waiting for the other shoe to drop, people began to look at ways hey my friends were stuck in the city for a week. Transportation in and out of city was restricted what am I going to do? So people had an idea that something needed to be done they may not have known how to go about doing it but they at least had the idea that, let me look into something so someone please teach me so let me ask a question and we did find people were very willing to learn, and as a result of my my past experience with some failures at my prior agency we instituted an education program at my current agency, and it has been incredibly successful people are willing and desire to learn there is a strong desire to learn and we seize upon that one that one question and we turn into on a more in-depth plan for how they can help the agency as well as to help their families and in turn this great circle of understanding helps create better employees in those situations..]

9:33:30 -- Don_Byrne: [So a quick follow up which you also alluded to there is that was the individual realizing that this affected their life outside of work, have you done anything for the families of your employees are you looking at those issues at all?]

9:33:37 -- Marc_Denker: [Yes we thought it was important because if people are not prepared at home or if their families do not have an understanding of what needs to be done people lose their ability to function in a work environment. Their priorities immediately go to protecting their family we thought that if we could educate them as to what they can do in their own home communication plans when your children are at school when your spouse is at work this goes a long way to alleviating the fear they have of my family is out there what are they going to do they need me. Now it doesn't eliminate it but it helps mitigate it and we do have an educational family education plan which has been very successful.

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9:34:26 -- Betty_Gravois: [If I could jump in, this is a very relevant topic for us here and for the company New York Life. We every year do an awareness campaign we link in again with the fire department to the police department with OEM and our emphasis there in the awareness program is primarily how to prepare yourself, your family, your home, that's the primary focus as a side focus we also provide information about what we're doing in a work environment. So we have brochures that we pass out but the brochures are to encourage them to go to our intranet site and on our intranet site in terms of work we have key links for government sites that give you guidelines for how to prepare your home. But we also answer the questions of where do I go, what do I do, how do I get there, where will I stay, all of that is laid out in our intranet site if we had an event we have a plan for providing bus transportation and the bus schedules depending on the event how many buses, what the routes are, what are the pickup times, when a drop-off times, all of those would be posted. We have two plans, one where the buses can get into Manhattan and one where they kind of circle Manhattan. And get people from outside of Manhattan to our recovery sites which are at various locations. The other key thing that we have started is a family support program. We are piloting it with our incident management team for exactly the reason you sighted. We want them to be focused and be able to concentrate on the decisions that need to be made for the business. So we have hired this third party and they provide all kinds of support from checking where about of family members, to getting child care, to getting nursing help, to dealing with house repairs, insurance companies, whatever the people on the incident management team need this company will do. We have been testing it. We have run two tests of this that have been very successful. Our next plan is to take key individuals involved in recovery and expand this program to them as well. So the family support issue is absolutely critical so that people have the right focus and the piece of mind to be able to execute their work responsibly.

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9:37:2 -- Stewart_Kline: [no recognized text

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9:37:15 -- Jim_Nelson: [I'd like to also make a comment on that. I think there's an expectation across the country, New York is probably more prepared and positioned because unfortunately they had more exposure and more opportunities, but what we have seen is our Gulf Coast, unfortunately I was also over in Southeast Asia when the tsunamis hit, the community level of developing I think there's a lot of things that can be learned from New York City and lessons learned and clearly you're recognizing and building upon those competencies but one of the lessons that has come out in the gulf coast is we've all heard the stories of New Orleans and Mississippi those communities we have not successfully transferred that, that message to other communities across the organization. And I think that's a very, very key initiative that we need to do as professionals, to be able to share that knowledge not only within our communities because it is a huge effort as Marc had talked about, not only provisioning for the different constituencies and not all communities have that type of resource to set up peers and capabilities for housing and factions, housings and family. And a lot of that is reactive, and like you said a lot of

that is driven by the personnel and the leadership that you have in place at the time. I think a lot of organizations, whether they're businesses or whether they're government agencies, do still have a tendency to default to the organization chart. I'm the manager of that department, I run it day in, and as Marc had said, that may not be the person best positioned to respond, and they cannot continue in a 24 by seven operation; so the use and embedding roles and responsibilities is really crucial. And whether that's at the board level, whether that's in the computer room level in our traditional disaster recovery, whether that's down in the boiler room level for our facilities people managing our infrastructure, or here at Poly if that's in the classroom. Each and every person needs to understand their role and responsibility, and that's different, and that may be as simple as, for the average employee having food with my meals.]

9:39:33 -- Stewart_Kline: [I'd actually jump in here for moment and give you an academic view because a at Polytechnic University we're very interested in the business community so we talking a lot about organizations but what about the interaction between organizations and community that they live in. One of the things that we are trying to research and to learn what the dynamics are is if we take this area of Metro Tech where poly is located, if there were a crisis or and incident some kind how do each of the tenants on floors and buildings work with each other to get out? How does a local organization such as Metro Tech the community work together what is this all going to mean? And then they're lots of both engineering technology, sociology, and other kinds of issues that need to be considered. And so from an academic perspective we have the ability to leverage other universities and experts who do silo kinds of research and investigation on how is this all going to play out and what should plans look like. So that's sort of an academic view and at least that's some of the work that we are doing here at Poly.

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9:40:52 -- Don_Byrne: [I think it's a public-sector as Mark was commenting on and in the insurance industry are leading the way in this area because you know it's those two organizations in a crisis people are going to think of first. They're going to turn to, I'm going to call my insurance organization to find out, am I covered what do I have going on, and people really do rely on government but we know government is saying we can't do it all and we've seen that in New Orleans. That we have to be self-reliant and I think this gets back to the the topic of today in terms of resiliency it's a recognition that an organization to keep running to be resilient has to look at more than just its infrastructure and it can't have just a healthy infrastructure it has to have healthy employees and to have healthy employees means that their family has to be healthy, they have to have an environment that they can live in, they have to leave and not live in fear if you want them to do their jobs. So, I, I'm very encouraged by hearing your, you as representatives of your sectors showing leadership in this area. This holistic view of, of tying together all these different disciplines and reaching out to HR issues, social impact issues, as well as the traditional things we mention before in terms of IT and manufacturing and supply-chain so its, I really do think that that's big, big elements of resiliency.

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9:42:4 -- Stewart_Kline: [I has a look at the ICOR website which is www.theICOR.org. ICOR has defined 10 disciplines that support a resilient organization. Let's talk about each of these disciplines to learn more. What are the elements of resiliency? Jim you're a master business continuity planner and developed courseware that is teaching business continuity professionals worldwide. Tell us about business continuity management please.

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9:42:41 -- Jim_Nelson: [Sure, I'll try and keep that down to 60 or 90 seconds. Essentially there's some good starting points with professional practices and guidelines in education. The business continuity profession is evolving. We've moved from business resumption, disaster recovery, to business continuity, to business continuity management. The core fundamentals is, when you do business continuity within your organization, one of the practices that Betty meant is you need to look at the entire organization but that's frequently overwhelming so you need to break it down to its component parts. The traditional approach is that you will do data gathering consisting of a risk assessment and a BIA and that's driven to determine what you absolutely need to continue operations if you've lost everything - what are your priorities in your most critical people processes and systems. Then you follow on and try and understand the impacts of those lost and build a cost justification to develop alternate strategies. Whether you accomplish those strategies internally or through something in the marketplace with a vendor or service provider, or using alternate locations or bus trafficking. Then the next thing is you actually document and write a plan, and then coming out of that plan you begin an awareness and training program, where you try and define what the roles, responsibilities, expectations are of the team members and then evaluate that. Then essentially you go into a maintenance mode, once you've done the training, awareness, exercising and testing; one shortcoming, or maybe an area that needs evolution, is when you only have a limitation in your guidelines that say, work with an external agency, there is, when you look at the community there is so much to do as my colleagues will highlight on just in the disciplines, and when you talk about crisis response and coordination, really just the coordination between the community and different resiliency is more than a full time job, before you can even write a plan or do exercising and testing. It's a huge effort. We're making progress, but again we need to drive forward, business continuity is not the only answer. It's a key answer, as Betty had said, it's a cornerstone but we need to do better. We need to drive better.

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9:45:14 -- Stewart_Kline: [Marc, maybe you can say a few words about crisis management and communications.

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9:45:30 -- Marc_Denker: [Crisis management and communications I believe takes place before the actual crisis. It starts with having your teams know exactly what their responsibilities are, knowing how to implement the first few hours of the crisis, knowing how to implement their responsibilities as efficiently as possible. We would like to assume that everything can be done according to the textbook format but it's not going to happen its not going to be that way. People should be prepared to to execute the responsibilities to the best of

their ability and this can happen in many forms of course sitting down on the biweekly or monthly basis speaking to them regarding do you have any suggestions do you have any recommendations did you see something or read something that would help you better execute your plan? Nothing should be set in stone it should be very adaptive it should be very free-flowing and one of the best things you can do is when you sit down and you communicate with your team to have everything put out on the table. A lot of this stuff has already been created out thereby by somebody and there's no reason to reinvent the wheel. A lot of this material is available on the internet, it is available at your local bookstore, encourage your team to read, to know, to participate, to make recommendations, and when it comes time to actually implement it you will have a better prepared group because it is not going to be alien to them, its going to be second nature, it is going to be something that they are going to feel involved with and they'll feel that it is part of their responsibility far beyond the task that you're assigned to do, something that they will live and understand in an in depth basis..]

9:47:21 -- Stewart_Kline: [Thanks you, Betty, maybe you can give us some insights into critical infrastructure.

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9:47:36 -- Betty_Gravois: [

Sure critical infrastructure seems like it should be obvious. You know, heat water, power, voice and data they seem fairly obvious as part of critical infrastructure, however this is really a very complex area it's complex for a few reasons. One is where are the handoffs? Where does it go from the power company to your building engineers, you know, where are the responsibilities? The other thing is when you have an impact to some of your critical infrastructure like we did in the blackout how can you work with and make your decisions for what needs to be done when does it need to be done based on imperfect information. The power company is doing their best to restore and they're giving you estimates but their estimates and it could take longer if you're lucky could take shorter but you meanwhile you have to still continue your business and it in the blackout this is particularly true because on Friday the markets were open so that was a key driver to many businesses needing to function on that Friday despite of the fact they didn't have power or they had power but they were not sure how stable it would be.

So understanding all of those aspects and the other thing is it's a learning curve, you know this continual process of learning. One of other things that we learned because it just wasn't documented anywhere, in the clack out was that our air conditioning was run off of steam. Now we knew that the heat in our building was produced through ConEd steam, but it took that August blackout to learn and document that the air conditioning is also supported that way. The other complexity to critical infrastructure is whether you own the building or lease the building. In Manhattan in particular and other large cities your really leasing in most cases. It's not very often that you'll own a building in a major metropolitan area. Therefore understanding and who does what the hand out hand offs in critical infrastructure are really important to hammer out have those conversations in advance so everyone has an understanding of how it works and roles and responsibilities.

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9:50:11 -- Don_Byrne: [Really, a bunch of key issues, key points there and key issues you've touched on, and picking up on that, we all tend to think of business continuity and organizational resiliency being measured by huge crises but it can be small things that impact us. We were going through, we were doing a merger and acquisition with a company, we had a laptop of the finance director stolen. Boy let me tell you that threw, the organization into, into chaos and I'm wondering if anybody here can, you know, is this, am I right in this do you agree with this, it's the small issues that really measure resiliency almost more than the large issues. I wonder if anybody else wants to comment.]

9:50:43 -- Betty_Gravois: [Yeah I would comment on that. There are many issues, recently, just two nights ago there was a threat of a strike of building engineers which can have a major ripple effect so you may not be directly impacted but that ripple can create bigger problems that you can't anticipate. The transit strike although it gets a lot of press can have a trickle-down effect into your organization depending on how long it goes. And then just those simple things that there are so many situations so many examples that you can give where work is being done in the building and you have a contractor in who does something and it can totally take you out of service from just something very minor that they do or to something major there have been other incidents where it's a contractor leaving chemicals whatever around that creates them very devastating fires. So I think you're actually right it's the little things and it's the trickle-down effect the you need to be aware of and learn from.

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9:51:59 -- Jim_Nelson: [I'd like to build on that also. Earlier in my career I worked in, within a company, also in the insurance sector where I did facilities management security. And well, I want to introduce a point that we'll talk on a little bit. Tracking those little events whether it's a laptop or a fire, that never, rarely, gets up to the vision on the radar screen of top management. I cannot tell you how many times. We had a very good team that could respond, facilities engineers, electricians, and they were dedicated. And we had a good robust dynamic environment. We were not in a failing infrastructure building, but on a daily basis, if not daily three or four times a week we would be responding to things whether it's a lease building or at multiple locations, whether it was plumbing, whether it was fire or electrical problems, personnel related issues, issues and events with our neighbors or tenants, constantly. The same thing in the facilities management occurs on those little events in the IT environment. The same thing occurs in the business environment. What companies have an opportunity or organizations, if you begin to track all of those near misses and events, you can then build a case with management because they are looking through information that comes up to them. Top level management is saying, but we haven't had a major disaster, we haven't had a major disruption. When you begin to track and then you can come up and say, ah yes, but in 2006 we had 750 near misses any of which could have caused a significant outage, now you begin to get statistical, reportable, understandable information.

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9:53:52 -- Stewart_Kline: [Thank you, the next discipline that we could talk about would be facility management. Jim I have a question for you, is there more to be said about facility management?

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9:54:10 -- Jim_Nelson: [Yes, on facilities management, it's often frequently overlooked. Some people have a facilities portion in their plan, what you really need to do, as Betty was talking about, as you're maturing and becoming more robust, is your internal staff; if you have a facilities department or a real estate department understand what their role and responsibility is. Are they running your air-conditioning units or are they contracting out? Are they running your generators and your steam plants? Are they negotiating your leases? Are they placing you and coordinating insurance coverage for all of your properties back with your departments responsible for insurance? What do they actually do for you? Your internal real estate and facilities groups they have a vested interest. They are usually going to respond in a more proactive manner than you would get from external vendors or from a landlord. They have a vested interest, they are also an employee. But understanding how they do their business and the sourcing and the skills, there is also a tremendous amount of information that they can bring to bear to help you out in a situation. One of the challenges with facilities - challenge this in your organization. The people that they use on a general basis is general contractors to build out electrical, etc. Those frequently are listed as the people they would call to repair in a situation. Those may not be your best choices in contractors because they're not used, in all cases, to be able to size up and mobilize, as Marc said earlier, to provision two peers and an amory, within just a couple of days. They may not have the resources or experience in that.

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9:55:55 -- Stewart_Kline: [Thank you, emergency management is another discipline that area. Marc would you say a few words please?

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9:56:11 -- Marc_Denker: [We view emergency management as an imminent threat, something that requires immediate activation of our business continuity plan. We are fortunate enough to piggyback on what Jim has just said. We have divided our emergency management plan into teams. One of them being the the human resources as well as the facilities management. We rely upon the expertise of the people we hire. We rely upon the expertise and professionalism of the people within different groups within our organization. The facilities management people actually have two relocation sites, one of them is a warm site. In the event of an emergency the facilities management team would be dispatched ahead of our operating committee our executive board to prep the facility, startup its generators, start up its heating HVAC systems, provision the facility for an extended stay more than 72 hours 24-7 72 hours more than that it is something that we will we leave very little room for interpretation. If the emergency plan is activated it is designed to specifically to tell people to take your book, which you should have hopefully committed to memory, and activate all aspects thereof.

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9:57:36 -- Stewart_Kline: [Thank you, the next discipline is a legal compliance and audit. Don would you say a few words please?

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9:57:52 -- Don_Byrne: [Yeah thanks this is one of the things that attracted me to the ICOR model is that it's really wide-ranging and I think embraces a lot of a key issues that haven't been viewed together but really in a lot of ways are on a collision course ah with one another certainly a compliance and audit is on a collision course with the whole idea of resiliency ah simply stated the auditors and the regulators don't care you have problem you do not have an excuse for never been compliant you always have to be compliant and um with a litigious society we live in our end and the need for increased accountability uh pituculy areas of information vital records this is really where you see the intersection between these two areas uh coming together so what almost argue that um we are familiar with the the practitioners in this industry terms like RTO and RPO I would argue for an RCO I would argue for return to compliance objective as something that people should begin thinking about all when we run exercises for people that are highly regulated between the financial services area when there are reporting requirements we actually run another clock and we track how long because their time frames in which they have to respond to different organizations and agencies so all I think that this topic is really a a key one hasn't necessarily gotten enough of attention because it's been treated as a silo it has been put off to the legal department of some of the groups and the ah I think you know as you plans together in a building it truly resilient organization understand that the people in the compliance or in the compliance department are allies to the people to do business continuity planning they have the same goals they feel the pressure they can help you do this justification with that your management team and really do begin thinking about an RCO element to ah to the things are to doing so that would be my initial take on this and certainly the audit trail has to be there so the other big factor is that contingency planners have to begin thinking about issues they would asked to think about before such as chain of custody and and demonstrating that there has not been any tampering with information ah this is a whole area in e-discovery e-litigation that is emerging around electronic records and again is a fruitful area for investigation and research that would be my take on it

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10:0:14 -- Jim_Nelson: [I just want to make one comment, based upon the compliance and legal comment that Don had just made. We were talking before today's session a little bit about the burden on IT to be compliance and managers, which we'll touch on a little later. But mapping back to critical infrastructure, I think a thing that we mapped, maybe lightened, is that we need to talk about the IT environment within your organization and that critical infrastructure element for voice, data communication, critical systems and then how that critical infrastructure within your organization then reaches out and touches a public network in your vendor network to be able. I think we had lightened under our third practice of critical infrastructure there is a huge technical component and in many cases that's where we're addressing within ICOR the IT technical recovery planning and capability.

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10:1:10 -- Marc_Denker: [no recognized text

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10:1:10 -- Don_Byrne: [I would add Jim that's why this the technology being used here today for example, the speech to text product, creates an auditable record that someone is going to want to take a look at. In a big situation in a big disaster or there is a loss of life or significant loss of property, having a record is one of the best things that you can do you. You can show that you followed best practices, that is the best affirmative defense you can present, but in the absence of a record, it's all speculation.]

10:1:35 -- Marc_Denker: [
I would like to touch upon the issue regarding IT. I've always found that the emergency management the business continuity plans were a very IT centric, taking up about 80% of the budget if not more and at least 100% of the focus. I've always believed that are critical the most important component of any of any industry, of any agency or company is its people. Those IT machines are in an essential part of business operations and you could not function without them but they would just sit there and collect dust it wasn't for people who operate them. I hope if I've done anything at the liquidation bureau was to bring a more balanced look and view of the necessity of putting a lot of emphasis and money towards our employees as well as their families..]

10:2:30 -- Stewart_Kline: [Thank you, another discipline is risk management and insurance. Betty could you say a few words please?]

10:2:48 -- Betty_Gravois: [Well, risk management is another one of those very specialized professional areas. There's certifications for risk management and go into many areas. Typically in business continuity you tend to think of physical risk meaning to your buildings and then you think about the offsetting of that risk through insurance. But there's financial risk, there's operational risk, there's reputation risk and it's really a very complex area and needs the focus of the specialized risk manager. More companies are in fact putting into place at any risk manager with the overall responsibility to monitor, to address, all of the risks and organization can face. Insurance can offset some of those but there are many situations where insurance alone just really doesn't do it all. The other thing with risk management it's not so much to be reactive it's to do the preplanning so what are the things you can mitigate there are many things that are sometimes just very small steps, very inexpensive to do that risk management can bring to light with an analysis I know that several years ago there is a risk bottle COSO that many corporations brought in and have put in place and that's essentially where a lot of the risk management aspects of corporations go strengthen was follow that COSO model. But I absolutely agree that this is an area of a lot of specialization and sometimes it's glossed over, but we really need to get refocused and make sure we can handle these multiple disciplines within business continuity.

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10:4:47 -- Jim_Nelson: [We also have theory - I'd like to build on that a little bit - and then reality and practicality. One of the current events going on is how are claims being adjudicated in New Orleans based upon, and all along the Gulf coast. The events are, is it flooding, or is it storm damage? A key factor in the entire risk management insurance is absolutely having those practices in place. Your risk manager is only as good as information that's fed to him by the organization and only as good as the information he is able to work with through the various firms and its insurance companies and carriers. A very basic fundamental, and I've run into this several times in actual events,

when you look at the adjuster who shows up at that site at your building whether it's rented, who does he work for? He does not work for your company. He is also asking, he is charged with managing risk. He is working for someone else. He is working for your carrier. He will do a very, very professional job. If you have a major event, pretty soon he will mobilize. He will respond as an adjustor, pretty soon he's going to have a team of architects, engineers, industrial chemists, hygenist to deal with the issue. You do not want to be in the position, when on your side, as you're seeing this entire team, four, five, six, eight, ten people. You're opening and reading your insurance policy and trying to understand what your coverages and claims are. In that situation if you're in a room with a bunch of people, ask them, who do you work for? And I think your response, if they're candid with you, when they raise their hands, they are all working for your insurance carrier. So you need to understand, that's external to your organization. They're managing their risks also. So you may want to look into different alternatives there whether it's public adjustors or getting a third party to position and maximize and understand the value of your coverages.

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10:6:54 -- Stewart_Kline: [Thank you, another area is organizational behavior. Don would you say a few words please?

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10:7:10 -- Don_Byrne: [The most complex biological organisms we know of are people therefore collections of people in organizations whether public or private are going to be the most complicated and complex structures that we know of any universe why would we be surprised that that there is so many interactions like individuals companies have personalities we mentioned before how there is a multitude of small issues that we run into everyday everything from losing a file or or losing e-mail to a strike a delay in the subway causing people to be late for work there are just a whole host of issues there is an old saying that I people are tested under fire you find out what their about the same is true about organizations how to organizations respond to the small to midsize the large organization really give you a benchmark give you an indication of how their setup and really how resilient you are is it is it that the loss of a system or the loss of power on one floor drives your whole organization into a chaotic ah state of operations or do people smoothly ride through this we talk a lot about testing can we talk about exercising but we are constantly confronted by all these little issues I referred to your business continuity plan being the shock absorber that gets you down the bumpy road of life in terms of how your business runs so you know organizations really reflect the personality of the leadership they really reflect the personality of the people I think Mark made a terrific point before about measuring the recently in sea of his organizations behavior because he said we rely on and trustee expertise in the knowledge of people around us and that is got to be step one to building a resilient organization is you have to have an organization where people trust and believe in each other the last point I will make on this is the the best phrase I learned going to business school was that organizations follow strategy right you determine a strategy in the you build the organization you build the engine to execute that strategy well organizations are designed for efficiency they are designed to do with the day-to-day running of the operation and therefore why would anybody be surprised that and a crisis situation which is an unusual occurrence that you need a different organizational model to take

affect and I think again this is a very very interesting area that are know that there is some very good information on the ICOR web site about this whole topic and some of the research being done and is is really just a fascinating area

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10:9:37 -- Stewart_Kline: [Thank you, the next discipline is social resilience, and I'm going to talk about that because social resilience is a key interest of mine. Urban resilience, urban sustainability, urban security, planning for pandemics, human factors, this is the kind of work that I have been doing with University and as I said earlier what we do is we have to leverage a body of knowledge that also exists on staff at at the Polytechnic University we have an industrial psychologist. I didn't know what that meant and he's part of our team and the work that he does he believes that design of areas, building, streets, if the design properly will move people through without people having to read signs. So there is a whole psychology component behind that. We've also teamed with the University of Delaware because they have a 40 plus year old disaster research Center which is one of the de facto repositories for group behavior in crisis and disaster.

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10:10:43 -- Stewart_Kline: [And the last discipline now it is supply chain logistics and transportation. Don?

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10:10:56 -- Don_Byrne: [I'll take a stab at this again this is a big overriding umbrella topic a quick statistic in 1918 we have the Spanish flu 88,000 people died in the United States from the Spanish flu but 450,000 died in India think about that when you begin thinking about outsourcing and thinking about putting critical parts of your organization in to parts of the world where the medical infrastructure maybe isn't up to keeping with the US so we are living in an evermore interconnected world it's interesting to look at from a technology standpoint were seeing that the whole phenomenon of outsourcing is causing people to begin putting together a service-level agreements as a way of controlling and managing the relationships between each other and this work being done at MIT at the Sloanschool talking about how they believe we're going to see the the exchange enterprises and become more called extended Enterprises ah service-level agreements are going to become mission statements for the for those organizations to run the the the raison d'etre that they have the contract the reason that they get money flowing in technology we are looking at a service-oriented architectures will relying on critical ports are IT infrastructure being delivered by third-party so all of this is tying together and the supply-chain is just growing and widening um there was studied on recently saying that for the average company that supply-chain is at least four layers deep as the person who manufactures there's the master distributor there's the person who brings in an and and breaks about the bulk break person and then there is the retailer which you are buying it from a break in any one that and any part of that line in the transportation logistic supply chain is going to have a tremendous impact on on your Company you cannot do business with MIT or Boeing until the look at your business continuity plan they want to know your are liable to your resilient organization your dependable part of of how

their putting together their entire supply-chain so again a very very hot topic and an interesting one and I wonder if my colleagues have anything they want to add on to this]

10:13:12 -- Jim_Nelson: [Going through that relationship, traditionally business continuity plans once you're done with your program it's an outreach outside to start to look at some of your vendors and suppliers. Many organizations don't get there. As Don said, that's a key point. If you have a single source or a sole-source item or something that's a specific long lead time on equipment that can frequently shut you down. The entire supply chain logistics and transportation, where I agree, it's a huge issue because it is reaching not only within, earlier we talked about the community in which we live and work, but this transportation and supply chain moves to other communities both domestically and internationally that have different challenges and standards in their hemisphere in their cultures and in their behavior.

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10:14:3 -- Marc_Denker: [This is the logistics infrastructure for any businesses is very complicated and when you look at the events, certain events that happened in New Orleans as well what happened during the blackout in New York City, no matter how much you prepare, things will not work as you intend. We at my prior agency we had priority restoration of services contracts meaning that we were the first to get services as soon as our provider was up and running. When you have restricted zones no go zones or they are off-line as well these things are not going to help you. There will inevitably breakdown and especially when you look in the in terms of the ability for your own people who work on those systems to flow freely through restricted zones and through transportation disruptions it is an immense undertaking especially in New York City where there is so many people confined in such a small area and the infrastructure is so heavy and oftentimes located below the surface, it is a complicated issue which I wish I give you a quick answer or some positive things to think about before I release the button, but it is a daunting task that we all have to face and the only way to really address it is like I believe just constant conversations, constant round table discussions such as this where this information and the best practices of other organizations, you could take from, and hopefully adapt to the point where you have some sort of resiliency which unfortunately will never be one hundred percent.

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10:15:51 -- Don_Byrne: [And Mark I think the point you make gets back to something Betty said before about working with and getting to know the local police and the local fire organizations because um people may come and when you think its your supply suddenly things may just be taken over by the government we have seen that at New Orleans that that eminent domain and other factors just came into play or even telecommunications if your people do not have gets cards your not going to be making phone calls during certain kinds of crisis so that kind of cooperation is really as you say you got to have the dialog now you got to think about it ahead of time]

10:16:15 -- Marc_Denker: [Exactly I think back to the blackout were I was at the command center and hospitals were running out of fuel to run the backup generators. We had fuel but we didn't have the pumps to pump them because they were electric. We only had one hand pump. The depository trust Company had I

believe a 40 day backup supply the question was are we going to take that fuel so that we could send it to the hospitals. We had to weigh way that it relations to the economic impact it would have on the city and how that can cause further disruptions within the city as well as to our ability as well as to revenues which the city needs. There are always these very complicated issues that that weigh on the decision-makers mind, but yes there there may come a time where all the preparation you have done will be taken away by other people for a greater good.

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10:17:12 -- Stewart_Kline: [no recognized text

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10:17:13 -- Stewart_Kline: [Thank you all. To achieve any capability within an organization requires resource commitment. As Don and others have mentioned and Don and his supply chain comment resource requirements are not limited to budget and the time commitment of an organization and time commitment of an organization. We are going to use this as an opportunity to take a break.

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10:17:36 -- Stewart_Kline: [Any questions from the audience?

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10:17:49 -- Stewart_Kline: [[Audience question about interrelated organizations - audio manually transcribed]

One of the things that happened in Houston, also somewhat in New Orleans, was that the governmental organizations insisted that the oil refineries have extra gas on hand for the evacuation plan, which was very well thought out, and they were staged in fact very nicely, except that everyone stopped at the closest gas station and so the very next line of gas stations on the Interstate were out of gas and so, they slowed down and you had in fact this sort of wave effect, so that the gas trucks couldn't get to the gas stations, and then when they got to the gas stations they discovered that all the people who worked in the gas stations being hourly workers had all evacuated also and closed it up, so that Houston even though it had a perfect evacuation plan and had backup gas, couldn't get the gas into the tanks. And so what I was thinking, when you run these simulations what do you do to try to get more realism into it, because as you, as you, think through this stuff it isn't that hard to see how that problem could come up, but they sort of said, okay you're in charge of taking care of gas, and you're in charge of this, how do you get the agencies and the groups and companies, and even the individuals, I mean if you've got a full tank of gas - people were stopping to pick up 2 gallons every they saw [a station], you know they were topping out and sucking it dry. Well, you know, the logical thing is run your tank, it will be plenty of gas to get to Oklahoma, just you know, you've got 400 miles, go 400 miles and buy some gas.

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10:19:35 -- Marc_Denker: [

I think you create a plan you need to prepare to barter some of that away, so you need to double down. If you think your going to need your plan for 72 hours three meals, we'll just go with meals and hygiene for your team. If you're planning for 72 hours three meals a day for three nights, double down because its going to be an over whelming possibility that A) another state agency or another city agency are going to say listen "we don't have a facility we need help" ad you're going to need to help them help them or you many more people than you realize so my recommendation would be for whatever you plan for double down always leave yourself some barter room and when I mean barter I really mean barter. It actually may help you finish your responsibilities in your task by enabling you to trade off equipment or supplies with another group..]

10:20:33 -- Jim_Nelson: [You've hit the nail on the head on one of the issues of ICOR. That plan was probably very good and developed by a number of different agencies and constituencies, but, did everyone in the community understand how they could react to the plan? A communication was, don't top off, you know, continue, get outside of the area. Understanding and bringing all of this together in a cohesive manner is a huge challenge. But we need to continue to make progress on that huge challenge and I believe as Marc had mentioned earlier, and Don, and Betty, there are always good competencies in place within an organization whether its internal or with the vendor in the community. Leverage and build upon those, and double check that those don't change, through cultural change, and then continue to build, have the dialogue but be thinking on a community basis and on a global basis, not just within the walls of your organization.

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10:21:30 -- Stewart_Kline: [[Audience question about how to explain organizational resiliency to executives]

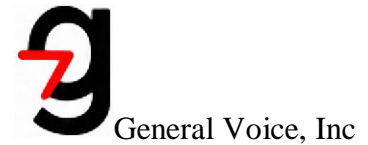
In business, you have to explain organizational resilience briefly, you don't get an hour before the board.

In an earlier conversation we talked briefly about this, what's a good way to map out a statement that I could bring to say, a board of directors or work it up through my organizational chain, to relay organizational resilience vs. disaster recovery which they typically understand those terms. Have you got some comments on that?

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10:22:16 -- Marc_Denker: [Right, I remember our conversation and I was saying how I try to explain what I do for living to my family and they often just look at me with a blank stare but the Denkers come from a long one of chess players. I put in a chess metaphor for them I said business continuity emergency management is like knowing how the chess pieces on a board move. Organizational resiliency is knowing how those pieces move in coordination on an ever changing board against an adaptive opponent and there was a glimmer of spark of understanding at that point. So that proved successful for last night in preparation for today, I think I'm going to use it again.

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10:22:57 -- Stewart_Kline: [Thank you, are there any other questions?

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10:23:2 -- Stewart_Kline: [no recognized text

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10:36:15 -- Stewart_Kline: [Thank you and We're all back the resource commitment extends beyond the walls of your organization into the community. You have all agreed the importance of organizational commitment. This commitment is most clearly demonstrated by a resource allocation including financial commitment. What kind of commitment do you need to achieve organizational resilience in your organization? Betty you represent a major organization in the community, what is your perspective on this issue?

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10:37:12 -- Betty_Gravois: [Working for New York Life I have an advantage that we are a mutual company so we don't have a stock price and were not measured by short-term quarterly results or annual results. In fact our whole business is based on long-term commitment that were to be there 20 years from now, 40 years from now, 80 years from now and that really works to our advantage in terms of business continuity where we can focus on a long-term perspective. Formerly I worked for Prudential which De-mutualized and Prudential struggles with trying to hit that balance between quarterly results, stock price, what am I spending money on, versus what am I doing for my shareholders versus the longer-term commitment to customers in the insurance industry. So it's I think it's much more difficult when you're trying to balance those things and that's one of the challenges many companies face. In terms of business resilience though this ties directly to our core values and I think that if other companies looked at their core values and their key objectives they would see that business resilience is not something separate, it's not a separate project, it's not a separate process, it's really smart business and something that should be incorporated into the normal workings and functions part of the process that made from business on a day to day basis. All of these specialized areas, all of these risk mitigations, the insurance, the understanding of infrastructure, all of these things really are part of the day to day functioning of a company absorbed business resilience should be absorbed within the company for that reason because of the fact that it really does tie not only to New York Life's core beliefs and mission but to every companies. ry companies.

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10:39:18 -- Jim_Nelson: [I just like to add, I love that term absorbed and embedded and with the core mission values. With ICOR we've been using the term embedding resilience within the organization. I think that's just a different way of saying it's inherent in a healthy organization that contributes and

supports their staff, their people, their stakeholders, their shareholders and their role in the community.

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10:39:57 -- Don_Byrne: [I want to advocate for much-maligned group of people or much-maligned individual which is the CEO a I will say that the best crisis and crisis manager you having a companies your CEO because that is their day from before they wake up because it is in their dreams to they go to sleep at night they are dealing with issues they are probably the best juggler in your organization as well because you have nothing but competing organizations vying for very limited resources and so ah you would be hard-pressed to find someone who does not value you would be hard-pressed to find an executive who wouldn't admit that business continuity planning operational resiliency the concepts we have been talking about here are tremendously valuable they will understand that but the question comes becomes at what cost at what trade-off do I spend money on a news SAN ah system for my data center or do I hire eight more people to do work do I deploy three more sales people to drive revenue ah am I'm using uh private-sector examples but the same is true publicsector I'm sure that Mark would agree it's it is a constant juggling act and it really comes down to demonstrating a value proposition how do you demonstrate the value because it is always go to be in comparison to something else we all like to do everything but we do not have the resources and so the CEO and the CFO are really people who ah they can be your best allies they understand crisis and that concerned about a lot of issues that operational resiliency gets into ah Betty I think made a spectacular point part of the justification has to be demonstrating how this as an impact not only and the theoretical event of something bad happening but how going through a BIA capturing that expert knowledge which exist in the organization but is not documented anywhere in a typically the the comment you know what happens if there is a problem and Bob gets sick gee that is bad as are the only one know that it to payroll right to capturing old undocumented ah the tribal knowledge that is in the organization can help the organization run more efficiently a BIA helps to understand what your processes are ah so it it a I think comes down to really building a value case to the executives and your going to find that if it makes good sense they are going to be behind you 100 percent]

10:42:15 -- Marc_Denker: [If I could just add on, jump on that I've been very fortunate with the bureau I'm with now in that they are very receptive to all the suggestions I make. The way I've made them become successful as I usually provide and three options and I don't make a value judgment on the options I say, this is what we need to do and here are three ways we can go about doing it. One is of course more expensive than the other but I don't emphasize that I let them decide based upon what we need and how we can deliver that need to determine whether not at its the financial value of it. They don't always choose the cheapest one. They look at it in terms of ease of use, practicality, can they justify it, and also in the back of the head of sure there's always the understanding that is not only a financial component for not doing it, but also a political political component for not doing it. With that in the back of their minds and with the options that I provide them it's been very successful.

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10:43:42 -- Betty_Gravois: [Well what we do at New York Life is we have a team that will gather information and present to case. We also seem to follow that model that we typically offer three solutions to our executives are executive committee although that's not necessarily hard and fast rule. From doing that some of the things that we've done is after 9/11 we did an analysis of concentration risk. New York Life is that big building that you see all our commercials and we have a high degree of concentration there in terms of people. Looking at the information that we had in our BIA we decided that there was too much risk there, therefore we purchased an additional property up in Westchester and opened a second office that, if we had not done this risk analysis in this data-gathering to present what is the risk and what are some of the solutions for the risk, than the executive committee can decide yet and agree yes there is a risk and presented the case based on the data. We also we also offer reach out and do peer analysis we look we that seems to be very helpful in making our case is what are others doing and justifying along the same lines. We look for you know the best in breed, so of our competitors the ones that we like to keep our eye on the most, we are often very interested in what they are doing to mitigate risk especially in NYC like concentration risk. Another thing that we did is that we had one data center. Years ago we had several data centers but like many companies over the eighties and nineties you consolidated down to one or two. We had consolidated down to one data center again providing the information, looking at the options, doing the background work, we actually opened the second data center down in Atlanta. But there is another component of that, besides making your case and getting buy in, it's giving them, your executives the comfort that you can actually execute. So one of the pieces that we give them even when we're kind of pitching is what is our high level plan to implement so that we can be successful and you know the money that we are estimating, that it looks reasonable. So the time and the dollars look like their actually going to happen along those lines. When they can feel comfortable with that we also find we get much more support from them giving them the facts, giving them the possible solutions, and then giving them the sense of comfort that we are in fact going to be able to execute this for them and not come back and look for more time and money.]

10:44:29 -- Stewart_Kline: [Thank you, so we are talking about the issue of organizational financial justification, what are some of the techniques or approaches that you use for this financial justification?

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10:44:42 -- Marc_Denker: [I,m sorry, I guess I was ahead of you on that one Stu, okay

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10:44:47 -- Stewart_Kline: [It's open to the panel.

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10:48:7 -- Jim_Nelson: [Let me build on that point. When I worked for healthcare service corporation, also in the insurance company, at a macro view when we went through and looked, and this builds upon Betty's comments and what Don said earlier about your CFO understanding and your sea level folks and efficiency. One of the things that we found is we had pockets of funding in different divisions in different departments, whether that was outside

contractor, commercial contractor, or capability for training - to maximize that, we had, did a some analysis and found out what we were spending. Working with the CFO and working with some of the finance people and doing analysis we leveraged that existing capability within the organization, don't reinvent the wheel. In this case the solution was to do an integrated one cost center one area pays for everything in the company. And by that approach in that particular case we gained a lot of efficiencies we ended up spending substantially less money to achieve substantially greater capabilities and competency. In the dollars that we had spent, building to Betty's case, building the confidence, the resources we were allocating were actually fully committed to making the organization resilient. Once you have a good handle and a reasonable model on that, then you can do additional analysis, that again, helps you with the strategic embedded values, where do I want to add capabilities, how do I want to spend, if you're in a merger an aquisition what do you need to bring that aquired company up to an appropriate and acceptable standards, how do you move resources, and how do you drive it into the core business. It needs to be part of the business. And that's often overlooked. And it is very key. And a business continuity planner can't do all that analysis. He needs to bring in and embed that with the company, and that might be the only role and responsibility of an analalyst in your budget department. But he'll be able to analyze that by staffing, by budget, by square footage, by revenue, by TO, by MIPS, by processing power, etc. And that's what they do day-in and day-out and it tells your story, and it's a consistent story across the organization. And that is what helps your CFO and your sea level people make some very good and informed decisions. Management makes decisions based upon facts.

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10:49:52 -- Don_Byrne: [no recognized text

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10:50:45 -- Don_Byrne: [So Jim your really talking about ROI return on investment your talking about making this quantifiable and measurable in terms of benefits]

10:50:53 -- Jim_Nelson: [I would agree.

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10:50:54 -- Stewart_Kline: [Any more comment on a return on investment?

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10:51:1 -- Stewart_Kline: [A key is not to lose focus on the community view. Protecting an organization's viability is essential. The ability to sustain economic health and commerce in a community is not limited to one or two organizations commitment to programmatic resilience.

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10:51:36 -- Stewart_Kline: [Does anybody want to make a comment about these statements?

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10:51:47 -- Marc_Denker: [

I have to agree, the issues we face now in regards to terrorism as far and in terms of the technological disasters that can occur due to our dependency on computers and supplies that are produced outside our boundaries we can't do it alone an agency or corporation I believe can not build themselves to the point of being totally resilient and encapsulated against the need for help from other people. Municipalities as well can't do that now. New York is unique in that it has such a wealth of talented people within the government but we still have mutual agreements mutual aid agreements with neighboring municipalities in jurisdictions. We were very fortunate during the events of September 11 after the event September 11 police and firefighters from all around the country came to New York to lend their support. When the police were reassigned to control over below 14th St where all Lower Manhattan was considered a restricted zone we had police from Oklahoma, we had police from Florida, we had police from, I believe, Philadelphia and Boston. They all lent a hand and helped control traffic, you know, patrolled the bridges. You need to be able to say to yourself "You know what, I need help, There is nothing wrong in asking for help and it is not a sign of weakness." It is a sign that you thought it through and that some things may be beyond your control and by asking for help you are maintaining control..]

10:53:41 -- Don_Byrne: [I think to pickup on what your saying here Mark ah this ties back into the whole issue of return on investment is what you are really doing is your trying to spread risk over over organizations are finding ways to mitigate that risk um your finding ways which if you were to take to your management to justify why do I want to put with these relationships in place or why do I need to do some provisioning or why do I need to extend my organization put my organization at risk a mutual aid agreement with someone else how can I justify a lot of it ah comes down to understanding what is the impact on cash flow that's going to be the executive is going to look at you is going to say you know are you in improving the the revenue base are you taking assets away from us a committing us do we have liability so in this whole area of ROI I think ties very nicely into what your talking about this interdependence and trying to tie it back to something we talked about earlier which was the issues of compliance a you know we now have regulations ah covering a whole host of everything local regulation city regulations state we have overwriting issues at the federal and beginning even in the international ah level with things like basil 2 to begin impacting a how organizations have to be prepared have to respond in there's a cost associate with that so ah I I really see a unified approach here and regulations aren't going away Sarbaynes Oxley impacts people all over the world even though it's a US law based because if you are outsourcing they have certain requirements we dealt with a manufacturing a ten million dollar manufacturing company that um they actually manufacturer ah ammunition for for rifles a went in to see the CEO and I by the way do you know you are subject to HIPPA he said how could I possibly be subject to HIPPA I said because you are self insured for dental you have a responsibility to keep those medical records private and safe I mean it's overriding how many how many organizations are outsourcing ah the ah handling of the medical claims to India or places like this and they don't understand it they actually still fall under US regulations so you know all of these interdependencies are really I mean it's

an exciting time to be in this business because it's a time of change in their a lot of things are coming together the swirling around awe and and I think were beginning to see a way through it and part of its tying these organizations together and no longer letting them just be silence]

10:56:7 -- Jim_Nelson: [And that's one of the themes what I heard here, also is being a good neighbor in your community. Every organization reaches out and helps in the community whether that's through pro bono or benefits or charitable contributions. If somebody in your micro-community needs help, it's a good thing, and good business, and the right thing to do to help that neighbor. We're also talking about in the community and as Don alluded to and started to build on, it is a global village, so we need to be looking at our community model but also globally and understanding not only that supply-chain issue but the value in outsourcing etc. So it, it is a huge undertaking, it's a big idea, it's a big concept and you need to recruit as many resources, building on what Marc said, there's a lot of talent in this particular village we need to take that model and see, in all of our individual villages and maximize that return on investment and value and skillset.

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10:57:14 -- Stewart_Kline: [Thank you everyone, the next area is going to be compliance management but before we go there are there any questions regarding the financial justification return on investment?

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10:57:30 -- Stewart_Kline: [Compliance management is emerging as a companion discipline to business continuity planning from local zoning ordinances to tax regulation to the Sarbanes-Oxley compliance management is a major concern. You can't afford to ignore these regulations. One are the current trends relating to audit and regulation compliance for your organizations?

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10:58:0 -- Marc_Denker: [Speaking for the for the Bureau, not speaking for the bureau but responsibilities that the bureau has. There are real with lives, real individuals who depend upon us and what we do and because of that there are regulations which provide penalties for for not doing what we are required to do. So it's important to remember I think that the in particular for our bureau that it goes beyond just business as usual. There are people whose lives depend upon what we do and that should be a focus in that should be in the back of everybody's head when conduct themselves on a day-to-day basis let alone an emergency where our efforts are even that much more important to them as individuals.

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10:58:52 -- Stewart_Kline: [Anybody else have any comments from their particular organizations view?

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10:59:8 -- Betty_Gravois: [Yes as an insurance company we have special regulations that apply to us we're regulated on a federal level line the SEC for

our trading and investment portion of our business. On the insurance side terms of the life insurance products, the long-term-care those types of products annuities that we offer those are regulated by each state and 50 regulators that all do not say the same thing, which gets to be quite interesting. Fortunately there is a trend that we have one or two states that tend to set the tone or create a model in other states say all that is a good idea will do that to, but there is definitely some inconsistency within some of the regulation since it's on a state-by-state basis. Sometimes that can be a challenge for us. What we have seen recently though that things are changing in the insurance industry regulation in particular in an that they always want us to demonstrate that we could recover a business in their focus was show me your business continuity plan and let me ask a few questions about it and overtime the questions can get better, the scope of what they want to cover gets broader, but recently the focus seems to be on catastrophic planning and I think that's a direct result of Katrina and the affect that it had down through the south. So now what we need to be able to demonstrate to all of our various states is the ability if there is a regional event, that we can continue to support our distribution channels which our agents are brokers, that we can continue to support our customers in the impacted areas or our customers that are not directly impacted by the event but perhaps our our office where the agent they deal with has been impacted and is not communicating with an them. Sometimes with this means is that what you would traditionally want is not available so you an amend your typical procedures and controls sometimes for these catastrophic events. So for example after 911 in the proof of insurance, the insurance policy, and the death certificate, are typical documents that special procedures were put in place so that our customers could in fact get what was due to them but in a little bit different fashion than before. So sometimes that creates a change internally that we have to be pretty quickly and what this catastrophic planning is asking us to do is to think about those things in advance so that is the difference that were starting to see in the insurance industry is more of focus on a regional or catastrophic event.

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11:2:25 -- Jim_Nelson: [Earlier I talked a little bit about facilities management; when you talk about compliance and regulations, going down to a building block, let me take as an example a local building code: a local building code is a minimum acceptable standard to make sure that you're compliant. Most organizations that are resilient or responsible go beyond that minimum code, they will add and enhance, and be beyond. That's standard. So my point, is that compliance and regulation standard laws aren't the end game. It's a starting point and you need to assess that and determine where you need to go beyond for the needs and drivers of your organization. So just being compliant sometimes is not being resilient to the level that you may wish to be at.

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11:3:31 -- Don_Byrne: [Part of this is that the decision as to whether or not your business continuity plan is a good one was a good one allowed you to be compliance is not a decision that's going to be made by your management it's not going to be made by stockholders it's going to be made by the courts at the end of the day compliance and regulations are put in place by organizations are tell

by legislators but there interpreted by the courts this whole concept of judge made law which is a topic which by the way is unique to the US parliament cannot trump decisions or or or laws may I'm sorry in England the parliament cannot be trumped by an interpretation as whether not something ah meets the ah the requirements of the Government but here in the states you can interpret and understand whether or not something is constitutional if it fits if it's consistent with other things and the the uh conventional wisdom is takes about 100 court cases to understand what a new law means so nobody really knows what the USA patriot act really means we do not really know what Sarbaynes Oxley means we do not know what HIPPA means because we don't have enough legislation we haven't had enough litigation on it to have it to have it interpreted so ah this is a really really interesting issue ah that leads to the confusion on the other hand it it makes the role of the business continuity planner and someone worrying about organization resilience working with the compliance people and their organization that much more essential because you have to be adaptive the model that the Mark used before about an adoptive opponent on the other side of the chessboard is really critical to this whole things and it's interesting that there are there are initiatives underway at least being investigated I'm aware that ah some work is being done by some of the rating agencies like Standard & Poor's and Moody's that are thinking about coming out in publishing a resiliency index for publicly held companies in of that happensthen people Betty's business like the insurance industry the underwriters have something objective that they can a lot on begin looking at saying well you resilient see rating of XYZ so now we can actually justify because of a reduced risk put you in a different risk pool and having a financial impact on your insurance and some of a think so that is a very very interesting trends taking place in the US and ah so they are know that that will be watching very closely]

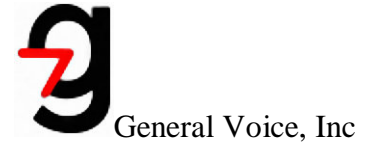
11:5:47 -- Betty_Gravois: [Another aspect to consider is the role of your auditors. Whether there external auditors or there your internal audit department. I think that we talked earlier about getting the support of management. If you really do you have an area that is a high-risk an open area that needs to be addressed your auditors will create the sometimes leverage because when there is an audit finding management is very focused on getting this addressed and it does not matter whether they come from the external or the internal auditor and the other thing about the auditors is they are not this is not their specialty. Business continuity, IT security, all of these they are not specialists in all of these fields just as we struggle learning more and more they also do the same thing. Now large companies that do auditing they obviously try to hirer in as much expert provide training and certification to those auditors. But what I found is in business continuity they are often asking me what they should be auditing. Ok, so there is it an opportunity especially with internal audit to do some training and education and they become part of your network because they are also going to carry the message of why this important. They have a different type of power in terms if your really lacking that their going to create an audit finding that you need to address. But they can really work as a partner with you, so although auditors do not have you know their kind of like the IRS audit, it's not a popular thing. In some ways these can in fact be positive for business continuity business resilience in the education process and creating the the emphasis for key areas to move move the company forward.

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11:8:7 -- Jim_Nelson: [I'd like to build on that, actually auditors what they use as a reference guide many times are industry accepted or international standards or guidelines or generally acceptable practices. One of the challenges not only with business continuity but with organizational resilience is those comprehensive standards do not exist. There are standards for components and modules and there's emerging ISO standards such as 20,000 that's coming forward for IT technology, there's an NFPA standards, there's best practices, but these are fragmented components on the subcomponents. Part of our job is to be able to map those modular or component elements for their, as applicable to your organization. But I think we also need to drive through organizations like ICOR and working with other related organizations in these disciplines are driving toward those standards, then it's auditable, it's compliant, it's measurable within your community, then you have, as this continues to mature, then you have certification standards that are more enforceable you can measure return on investment. That's a driver and that's been discussed and struggled with, with many of these specific disciplines. So we still need to drive forward the same as a medical doctor or an attorney or other professions, have credentialing and established standards, we still need to continue to drive comprehensively and holistically for those standards.

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11:9:49 -- Stewart_Kline: [I would like to talk a little bit about the academic view of all of this because one of the things through the work of doing here is is when we look at urban legislation that's coming out for what buildings and communities need to do there's an underlying question that comes from that and that is how do we create a education? How do we even put some of that information out for career pathing of students? In some of the laws that are on the books in New York that have not been implemented yet will call for positions like a floor manager in a large building, what's a responsibility what's the skills that they need what kind of training and education path can we give them? One of the things that we're working on here at the university is in the arena of fire protection engineering. Now many of the people is in PEs they don't really specialize in to fire protection engineering as an example. One of the pilot programs we're trying to put up would take this down to the high school level and be and would create interest or at least exposure to high school students about the profession of fire protection engineering. But our view is that we also have to make it accessible. So we are partnering with community colleges so that they can go for and associates degree, you don't have to make this big commitment. If you look at the under served under represented population if we can intrigue, involve and support them, and educate them then we offer out a tremendous opportunity and we get more practitioners out there. On the other side when we talk about emergency management what we have also seen many times is in crisis, New Orleans being a perfect example, when you have a major problem what happens to the police and the fire, many times they will then evacuate to make sure they take care of their families. We talked about family issues, but if we alter education in such a way that we can expose things at the high school level and get them more community minded, then maybe what happens is it supports many of the different efforts that are going on through other not for profit organizations so that we have a, lets call it a responder community within the community. And there's a number of things that are going on in NYC that support that also. There's an organization called the Empowerment Institute and they actually work floor by floor building by building training people to work



within the building with their neighbors during a crisis. So this is part of academic and education is to look at what's emerging, the real challenge here is to take traditional thinking and lets matrix it is some way so we then involve the community, industry, and be able to develop a core competency and the different things that are needed in industry.

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11:12:47 -- Jim_Nelson: [Sitting here thinking about Stewart your comments, and compliance.. There is a challenge. When you're looking at standards whether it's an NFPA standard or a guideline for electronics or commerce, those are developed for the good, ideally, of the community. There is an oxymoron. If you want to get those standards you have to go out and purchase those standards. I would see a vision of ICOR and challenge related organizations if we want those standards in place, drive towards making those available to all the constituencies whether they wish to purchase them or not. To me that's inconsistent. And that may be a role of your traditional academic institutions, it may be a pro bono factor within organizations and within professionals, but if those standards are being developed they should be clearly publishable and accessible. What you do to comply with those standards then become accountable on an individual basis and the metrics to measure how mature your program is.

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11:14:9 -- Don_Byrne: [Jim I'm glad you mentioned the idea of these rules being in place to help and protect people we we look at regulators we look at compliance as a negative in reality its there for protection its government and other organizations trying to ensure increased transparency and making sure that the that people are not put in a disadvantageous position when there running their organization but there is another aspect of this and we been talking about the justification and compliance ah and I would really I would suggest you that your CEOs and your C level managers likely also feel a social responsibility and you said its is there to do the right thing they feel like doing the right thing to ah and I can tell you that CEOs feel a very strong need and and a very aware of their role in the community the standing of their organization and the community which by the way can actually be quantifiable as a talked about before in this term called goodwill which sits on balance sheet and is sort of this ah accounting the accounting creation there have been some studies that talk about the impact that an organization that has been able to ride through a crisis ah that their customers value that quite a lot I think it was Bank of Montréal that did the study that showed that the a impact on their stock of their ability to respond quickly to crisis was measured by about 14 percent impact on their stock

price ah people had confidence in them they did not dump the stock they did not think the company was in for bad times they had confidence and they knew it so they trade at a premium so you can bring it back you can quantify it can you can make and ROI but I would not under estimate I would not underemphasized the fact that whenever the idea of building a more resilient community and all of the things we have talked about in terms of looking after family looking after employees looking after their health and safety giving them good-quality environments to live in all that ah we are all people and the top management is good feel a social obligation they will respond now the question and again is come down to how much how soon and what else I don't I do but ah I would think it is a it's really important that we we not forget that aspect and we include that cause a lot of people just want to do the right thing for the right reason

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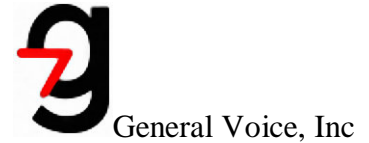
11:16:35 -- Marc_Denker: [As as far as I'm concerned everything that I've ever done and every thing I have ever written I don't view it as proprietary information I believe that everything that I do in terms of preparing my organization, preparing my family, preparing my community, should be out there and accessible for anybody. It is through that sharing of information that I'm able to grow and expand and do a better job at at my job and I hope that the contributions I make as Well can help someone perfect and hone their own their own programs as well, so I believe it should be part, it should be some sort of, if not a written code an unwritten code of conduct amongst business continuity planners that we don't keep anything proprietary we're willing to share and educate our fellow continuity personnel.

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11:17:25 -- Jim_Nelson: [I've seen this industry in trend, changes in the industry over the last decades. In the 80s it was, yeah I have a contingency plan but you can't see it. And then it evolved where only team members could see it and it's proprietary and confidential. Now we've moved into the next evolution was, those sensitive areas you protect and then and you do training and awareness on the balance of it. And as Betty had talked about, there's more and more industries where they're getting together, especially in the financial industry, to say here's what I'm doing how can we collaborate together because we are interrelated. Building upon Marc's comment, that's one of the drivers of ICOR. Is, if we can be that repository, that's our mission and focus to make that available and to share not only in business continuity but in the other related disciplines that the business continuity planner sees as a satellite in their particular universe, vice versa, that's the concept to be able to share improve and enhance. So I'd challenge not only ourselves but other members and constituent organizations, to collaborate, to cooperate and move forward, not so much to compete. And not to compete about who has the biggest umbrella and who has the biggest challenge in that particular sector. Take the best of breed of each sector, collaborate and bring together all of these disciplines reflected in not only the community but the ICOR university, and who knows, right now we have ten disciplines it may be more than that in the future as we continue to evolve.

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11:19:7 -- Don_Byrne: [Picking up on that I I would add to the challenge that ah we need a venue for getting access to this this information I can tell you that



our company has contributed out some information that I think soon will be available to the ICOR web site and terms of some work we've done in the area of return on investments work with an area of compliance and I think I would challenge I throw this out to everybody listening to uh this a presentation today or or other times uh pickup on Mark's comment uh lets work together and lets share information and at least one place to do it is at the ICOR web site and I'm we are going to continue to contribute things and ah I find valuable things every time I go up there so something to think about

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11:19:47 -- Stewart_Kline: [Are there any questions comments from anybody?

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11:19:53 -- Stewart_Kline: [Well, we thank you very much and thank you to the panelists for your participation today.

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11:20:1 -- Don_Byrne: [For the record the panelist were excellent I think

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11:31:6 -- Stewart_Kline: [Don_Byrne Marc_Denker Betty_Gravois Jim_Nelson

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11:33:48 -- Betty_Gravois: [no recognized text

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