

Sustaining Your Business

After a Disaster



By Al Berman and Anthony Pizzitola, CFM

he word sustainability most likely brings ideas such as green, indoor environmental quality, environmental protection or the IFMA Foundation's "Howto" Guide definition of sustainability as the ability to meet our needs without compromising the ability of future generations to meet theirs. Another angle of sustainability is business sustainability particularly after a disaster occurs. In spring 2011, the United States felt many environmental curve balls with natural disasters including Hurricane Irene's trek along the East Coast and numerous tornadoes throughout the country.

IFMA has 11 core competencies including Environmental Stewardship & Sustainability and Emergency Preparedness & Business Continuity. For the facility manager who is working on the Environmental Stewardship & Sustainability competency, particularly as it may relate to the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED®) designation, without also working concurrently on plans to sustain the facility as it relates to the Environmental Stewardship & Sustainability competency, it may be time poorly spent. Facility professionals must prepare for the knowns and the unknowns to maintain business continuity in any built environments.

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Inspect for the unexpected

A standard facility management discipline is site inspections as they are needed for budget capital requirements, examining work in progress and inspecting routine services. The Disaster Recovery Institute International has 10 Professional Practices for Business Continuity Practitioners and one practice is tailor-made to support site visits: risk evaluation and control. By definition, this means determining the events and external surroundings that can adversely affect the organization and its facilities with disruption as well as disaster, the damage such events cause, and the controls needed to prevent or minimize the effects of potential loss. While the description may appear laborious, it is quite easily implemented when on-site.

The blueprint strategy includes information gathering activities, on-site identification of potential exposures and risks, prioritization of the exposures, and indentifies controls for and safeguards to mitigate the effect of the potential loss. Losses can be prioritized as people first and property second.

Information gathering is interviewing corporate officers and on-site personnel to ascertain potential issues. In addition, interview vendors and colleagues to narrow the scope of potential risks. On-site review is needed to identify risk priorities relative to natural, manmade and technological threats; once recognized, identify the required controls to prevent or marginalize the impact of the threats.

When a natural disaster is on the horizon, closing facilities early to activate the preparedness plan is essential. Facilities within a hurricane's target should close six hours before landfall. Boarding windows, complete power shutdowns, backup generators and relocation of priority equipment are only a few control items to mitigate damages.

Intentional or not, manmade potentials for disasters always are present and require physical observance by facility professionals to identify them. A few examples are boxes stacked near a water heater or furnace, trip hazards in the facility, inoperative panic bars on emergency doors, and emergency exit and lighting that have not been tested every

30 days per code. For a facility to maintain business continuity, it must be inspected with risks being identified, controlled and corrected.

Securing management's ear

Continued business sustainability and its cost implications are not revenue. Most boardroom decisions are based on financials. It's difficult for professionals in these echelons to envision a catastrophe that only is supported by assumptions.

For a facility manager to stabilize an argument and secure boardroom alliance for business continuity planning, evidence must be presented showing the viability and existence of an organizational threat. This is accomplished by impact prioritization with quantitative and qualitative business impact analysis, the third Professional Practice for Business Continuity Professionals' tool box. Simply stated for quantitative rationale, the correction for largest threat will cost 10 percent of the actual impact if not remedied.



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The two above photos are compliments of Impact Weather.

For qualitative rationale, the dominant market position in this area will be eliminated by an impact of this magnitude. Most decisions are based on substantiated data but visuals always can move the needle to the favorable. Simply produce photos of disasters where threats were not addressed to have a stronger argument.

Another stone for the facility manager's slingshot is the 1997 Knight-Petty Study. Two Oxford researchers, Rory Knight and Deborah Petty, demonstrated the impact on stocks where companies had either an effective or ineffective response to a crisis. Companies that had an ineffective response to a crisis witnessed their stock price dwindle an average of 10 percent after the first weeks of the crisis and ended the year an average of 15 percent less favorable than pre-crisis prices. Companies with an effective response to crisis equally witnessed only a 5 percent decline in the following weeks of the crisis.

PS-Prep, the safeguard for resiliency

Sustaining a business is an issue facing all companies worldwide. The issue is so important that almost every country has some form of business continuity regulation or guidance in place. The objective is to show they will be able to maintain the viability of the business process in the event of a major or minor interruption.

Toward this end, in August 2007 the United States passed Public Law 110-53, which

was signed by President George W. Bush. Title IX, sections 523 and 524 of the law "Implementing Recommendations of the 9/11 Commission Act of 2007," calls for voluntary certification of private companies. The law, commonly known as PS-Prep (Private Sector Preparedness), calls for the Department of Homeland Security (DHS) to designate a standard or standards that companies can use to demonstrate their preparedness. The standards designated were the ASIS International's SPC.1: 2009 Organizational Resiliency Standard, British Standards Institution BS 25999-2:2007 and National Fire Prevention Association's NFPA 1600:2007 and NFPA 1600: 2010.

With the standards in place, the next step was to create certification bodies (CBs), those individuals who could accredit companies as being in compliance with one of the designated standards. This was accomplished by the establishment of accreditation rules (Rule 37) by the American National Standards Institute—American National Standards Board (ANSI-ANAB), agency appointed to oversee DHS accreditation.

With both the standards and the accreditation process in place, it remained to be seen how the private sector would respond to this voluntary certification program. Remembering that almost every industry is subject to some regulation or guidance concerning business continuity preparedness, it is imperative that PS-Prep

certification has an inherent value that would make it attractive to industry.

Are supply chains prepared?

There are compelling reasons to gain certification. The most persuasive of these is that it will make one's business more attractive to customers by demonstrating that a company will be there even if a disaster hits. The issue of supply chain resilience is at the heart of company sustainability.

The March 2011, tsunami and earthquakes in Japan highlighted the vulnerability of the supply chain. Non-Asian companies such as Apple, Ford, General Motors, Volkswagen, Boeing, Nokia and hundreds of others had production delayed or cancellations as a result of these natural disasters. A certification of the preparedness of suppliers would help companies make a decision as to which sources to use for procurement of goods and services in case of business interruption. Without a standard of preparedness, it is very difficult to understand an organization's true ability to respond to adversity. Adherence to a recognized standard that is certified by a recognized accreditation body provides a high level of credibility.

Credibility is inspecting to standards

Credibility presents a challenge of ensuring the CBs demonstrate the competency needed that would be acceptable to corporations. The PS-Prep CBs will



provide an additional audit that may or may not support the company's annual external auditor process. Toward this end, CBs should have completed recognized training in the particular standard for which an organization is seeking certification; demonstrated a prescribed number of years of relevant experience (at least five for a lead auditor); maintained skill levels through continuing education; be subjected to a certification renewal process; and be affiliated with a respected credentialing organization.

As a general safety measure, organizations should not seek certification without the concurrence of their legal counsel. This will ensure the organization is fully cognizant of any liability associated with outside certification.

Demonstrated business sustainability should be a goal of all organizations. It requires depth and breadth of the internal and external components of the production cycle. Using recognized standards and practices not only will help to achieve this goal, but also will demonstrate this capability to suppliers and customers alike. Facility professionals should develop and participate in the fundamentals of PS-Prep for the benefit and survival to their organizations.

Become a change agent

Facility professionals are witnessing tectonic shifts in their roles and responsibilities. Credentials and experience have replaced a large ring of keys typically associated with

the profession. This medieval perception is eroding rapidly as facility managers are now recognized as major league contributors in sustainability and the survivability of organizations.

Inspecting facilities on multidimensional levels to identify threats and control or eliminate their impact is the first toward preparedness. If your company has a disaster preparedness department, collaborate and offer support and if the department is nonexistent, adopt it under the facility management umbrella. Use competitive intelligence to become the organization's spokesperson for PS-Prep and facilitate launching audits to ensure resiliency and business continuity. Actively participate in the audit process performed by the audit teams to ensure the sustainability of facilities. FMJ



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ANAB, a former member of the New York City Partnership for Security and Risk Management, executive director for Disaster Recovery Institute (DRI International) and the co-chair for the Alfred P. Sloan Foundation committee to create the new standard for the U.S. Private Sector Preparedness Act (PS-Prep).

Over a career that has spanned 25 years he has served as a president and CIO for a major financial institution, National Practice Leader for Operational Resiliency for PricewaterhouseCoopers and Global Business Continuity practice leader for Marsh.

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