

Your Board Will Soon Care About Business Continuity

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Management Conference 2007

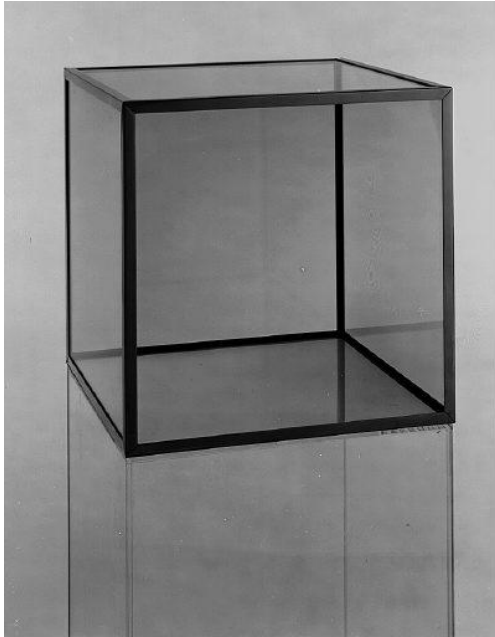
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Who Is This?

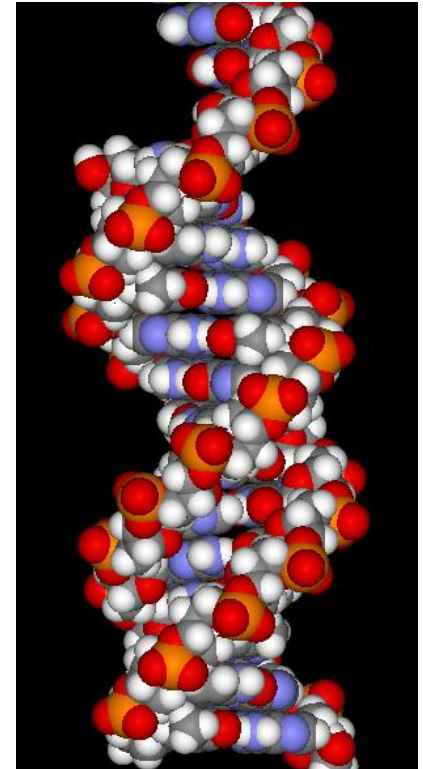


Very
Transparent

A lot of Change



Fast



Complex

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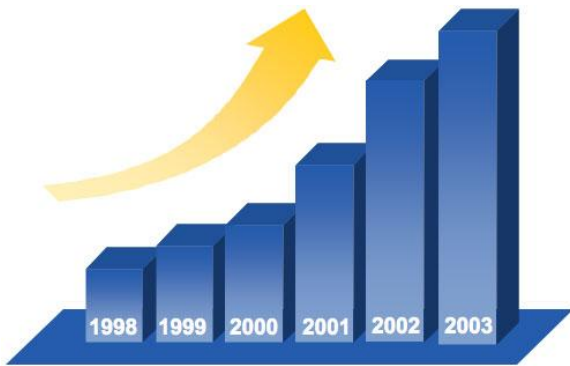
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Who Is This?



Opportunity



Rapid Growth

It's
Your
Organization!

Uncertainty



Your Board
Of Directors



What is a Board of Directors?

Individuals elected to oversee the management of the corporation, which includes the protection of assets and working to ensure a shareholder return on investment.

The members of a Board of Directors meet several times each year, and assume legal responsibility for corporate activities.



What is a Board of Directors?

- Audit Committee
- Risk Committee



Does a Board of Directors Understand Risk?

- 77.4% of directors say they fully understand the risk/return tradeoffs within their current strategies
- 73.4% of directors say their companies fully manage risk
- 59.3% of directors fully understand how business segments interact in the company's overall risk portfolio
- 54% have clearly defined risk tolerance levels
- 47.6% of boards rank key risks
- 42% of boards have formal practices and policies in place to address reputational risk

*The Conference Board
June 2006*



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Does a Board of Directors Understand Risk?

- 71.8% of directors believe they have the right risk metrics and methodologies to make strategic decisions
- 47.6% of directors would like to see more data analysis related to the company's risk profile



*The Conference Board
June 2006*

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Does a Board of Directors Understand Risk?

FIGURE 35

On which issues would you prefer to devote more time?

Strategic planning	59%
Meeting key managers	44%
Succession planning	44%
Visiting company sites	42%
Discussing the competition	42%
Discussing the industry	37%
Risk management	29%
Reviewing M&A in industry	21%
Monitoring performance	17%
Compensation issues	14%
Getting CEO updates	11%
Analyst updates	10%
Stock strategies	10%
Governance guidelines	7%
Compliance/regulatory	4%
Section 404 analysis	2%

Risk Management
29%

2005 Corporate Board Magazine



“Tone at the Top”

“The true potential of the board lies in its ability to help management prevent problems, seize opportunities, and make the corporation perform better than it otherwise would.”

Ram Charan
Boards at Work

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Agenda

- Types of Boards
- Board Influences
- The Board's Definition of BC
- What's at Stake for the Board?
- The Board's Role in BC
- What Does the Board Care About?
- Will the Board Ask to Talk to You?



Types of Boards

- Active
- Passive



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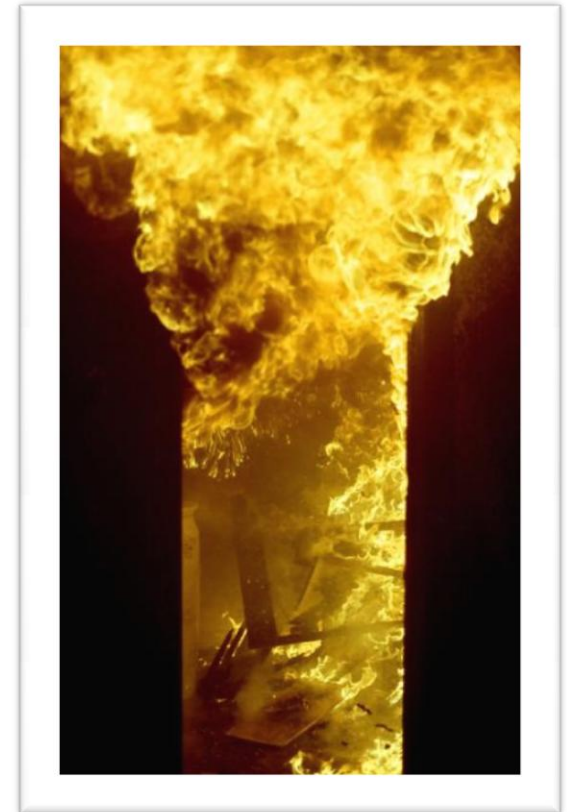


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Board Influences

- Public versus Private
- Size
 - Committee Specialization and Focus
- Industry
- Director Experiences
- Other Companies that the Directors Serve



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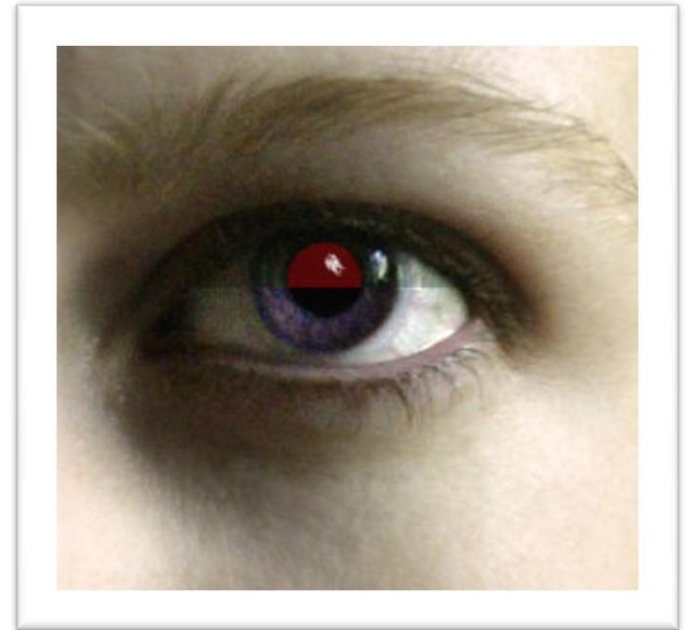
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Board Influences

The Eyes and Ears of the Board

- Internal Audit
- External Audit
- Compliance / RM
- Other Risk Reporting



A Board's Definition of BC...

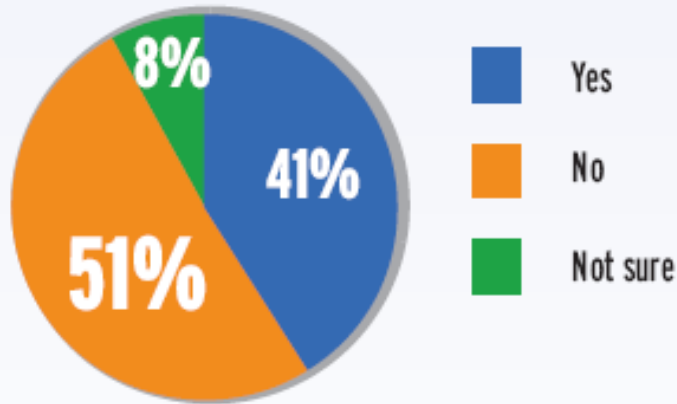
An ability to protect financial positions, market share and reputation - in line with the long-term strategic interests of the organization.



Do Boards Care about Business Continuity?

FIGURE 24

Has your board discussed an action plan should your company face a major crisis?



2005 Corporate Board Magazine



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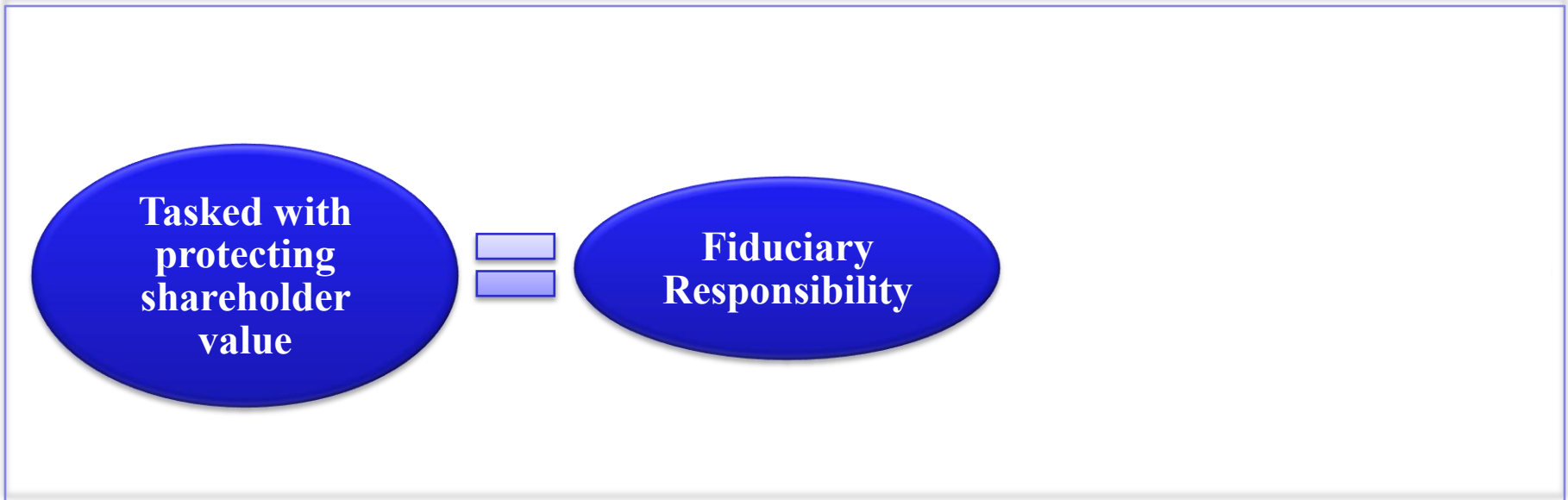
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What's At Stake for the Board?



The Board's Role in BC...



What Does the Board Care About?

What Does the Board Care About?	How did you scope your planning effort?
What They Want to Hear?	<ol style="list-style-type: none">1. “Scenarios” you are considering2. High level business areas covered3. Key technologies4. Your role in mitigating likelihood
Follow-up Questions...	<ul style="list-style-type: none">• What are the key threats that could impact business and system availability?• Can the organization realistically affect risk likelihood for the top X?



What Does the Board Care About?

What Does the Board Care About?

What standards (or policies) formally exist that govern business continuity?

What They Want to Hear?

1. A policy exists
2. Measurement criteria present
3. Roles and responsibilities noted
4. Audits and reporting referenced

Follow-up Questions...

- Who knows about these standards?
- How are these standards enforced?
- How are managers held accountable?

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What Does the Board Care About?

What Does the Board Care About?

What can provide the board confidence that the investment in business continuity will result in success when needed?

What They Want to Hear?

1. How you measure compliance with standards (updates, testing, etc)
2. Quality Assurance processes
3. Test objectives versus test results
4. Awareness programs

Follow-up Questions...

- Have we done everything we can?
- Are you coordinating effectively with other risk management disciplines?



What Does the Board Care About?

What Does the Board Care About?

Can we measure and report business continuity readiness?

What They Want to Hear?

What makes you comfortable – and what doesn't!

Follow-up Questions...

- How will this affect our risk profile?
- Where should we focus limited business continuity resources?
- How do you know?

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What Does the Board Care About?

What Does the Board Care About?

How does business continuity tie to our strategic plan?

What They Want to Hear?

When you executed a BIA, you used strategic, business performance metrics to measure criticality.

Follow-up Questions...

Did you measure impact using the same methods we use to measure organizational performance?

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What Does the Board Care About?

What Does the Board Care About?

Specifically, how does business continuity affect reputational risk?

What They Want to Hear?

1. The BIA considered reputational risk.
2. Crisis communications planning is a major elements of the planning effort.

Follow-up Questions...

- How long can we afford to be down?
- What are the regulatory implications of downtime?

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What Does the Board Care About?

What Does the Board Care About?	Is business continuity and insurance coordinated?
What They Want to Hear?	Yes or no
Follow-up Questions...	What affect does business continuity have on our insurance programs and expenditure?

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Protects
Shareholder Value
and
Helps to Create It



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What Does the Board Care About?

What Does the Board Care About?

Have our strategic customers asked about our business continuity capabilities?

What They Want to Hear?

Yes or no – if yes, what specifically are they demanding and what are the implications if their requirements can't be met. Is this a trend?

Follow-up Questions...

- What are the contractual implications of downtime?
- What are our customers demanding?
- What are our competitors offering?



What Does the Board Care About?

What Does the Board Care About?

What can we do with this program strategically?

What They Want to Hear?

Do we “market” our recoverability as a differentiator?

Follow-up Questions...

- If no, why not?
- If yes, how and was there an affect?

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Will the Board Call You?

- Is Your Organization a Financial Institution?
- Does Your Organization Have A Defined ERM Program?
- Are Strategic Customers Demanding Robust Business Continuity Processes?
- Has Internal Audit Reviewed Your Business Continuity Program?
- Has An Event Directly Impacted A Board Member?



DISCUSSION



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