

Best practices in business continuity

How planning for the worst can be the best thing for your business

WHITE PAPER



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Smoke detectors are tripped at a Pitney Bowes mail services presort facility as a fire that started in a nearby facility rapidly spreads. At 4:30 a.m., it grew to a four-alarm blaze and continued to rage through the night, damaging millions of dollars of equipment. By 9 a.m., the entire facility—where employees served hundreds of commercial customers—is totally destroyed.

The unexpected can happen to any organization, at any time. While you cannot control the unexpected, you can control how you respond.

In the case of the fire described above, the response had been drawn up months earlier. As a result, on the morning after the fire, trucks started their routes, picking up mail from customers throughout the Dallas/Fort Worth area. Mail was presorted at a second Pitney Bowes facility in the same vicinity as well as other sites in the region to maximize postal discounts; then barcoded, bagged, trayed and prepped to ensure rapid induction and delivery. In many ways, service continued without disruption.

This ability to overcome a disaster to serve customers is due in part to the unique attributes of the Pitney Bowes mail services network. With 36 operational facilities, Pitney Bowes could redirect workflow based on specific customer needs and classes of mail.

More importantly, however, Pitney Bowes had designed, documented and tested a formal Business Continuity Plan. As a result, local management knew exactly what needed to be done to safeguard employees, secure the building, protect customer data, reroute the mail, and make every customer pickup and delivery as scheduled—that day, the next week and in the months that followed.

The search began immediately for a new mail presort facility. Frequent, informative communications to customers continued long after the initial disaster. There were no breaches of customer security. Insurance claims were in the works within 30 days. Customers were reassured and confident that Pitney Bowes could continue to deliver service excellence, despite the disaster.

This Pitney Bowes white paper provides insights into the Business Continuity Planning process, so other service organizations can learn from this event and take steps to safeguard and strengthen their own operations.

1. Overland Storage, "A Practical Guide to Business Continuity," 2010

Company-wide commitment makes a difference

The commercial fire at the Pitney Bowes facility provides an excellent example of Business Continuity in action. Unexpected disasters can have a calamitous impact on business, but if you prepare well, the impact can be minimized. All it takes is commitment and follow-through.

Disasters are unpredictable and random. Whether it's the wrath of Mother Nature delivered via earthquakes in Japan, New Zealand and Haiti, or man-made like the 9/11 attacks or simple accidents, disasters can result in chaos. A detailed Business Continuity Plan can make the difference between quick and successful navigation of disruption or a lengthier and often costly recovery. By preparing for the worst, you just might be ensuring your survival.

According to the Centre for Research on the Epidemiology of Disasters, between 2000 and 2008, there were on average 392 disasters per year—and the average annual economic damage was \$102.6 billion worldwide.

Just what is Business Continuity Planning?

It is more than a buzzword. In the post-9/11 world, Business Continuity Planning is now baked into corporate security planning, as businesses must keep functioning in the midst of all sorts of disruptive events. The primary goal of Business Continuity Planning is to help organizations stay in business by minimizing the impact upon clients, establish contingency plans to limit the impact of damage and mitigate losses. It's more holistic than Disaster Recovery, because it looks not just at the event and its immediate aftermath, but at the implications of many potential scenarios. Business Continuity Planning provides a comprehensive, long-term approach involving not just data and IT infrastructure contingencies, but also planning for disruptions to physical plant or facility, materials and equipment. For companies in the service sector, Business Continuity Planning also includes protecting customer data, inventory, and materials.

Top reasons to implement Business Continuity Planning¹

- *Keep revenue flowing;*
- *Keep basic communications up (e-mail, IM, phone);*
- *Keep customers engaged and happy (Web site, service, shipping); and*
- *Track the transactions (billing and accounting).*

Start by acknowledging your needs and vulnerabilities

According to a recent Forrester report, almost a quarter of companies are likely to declare a disaster in a five-year time period.²

The onset of a disaster is not the time to plan. Rather, smart businesses take a proactive stance, from the CEO on down, making Business Continuity a priority for the entire organization. The process involves management, IT, operations, logistics, real estate, legal, risk management, HR, sales and marketing all working together to develop an integrated plan, giving everyone a stake in that plan's success. When disaster strikes, everyone starts from the same page.

There are three key phases of Business Continuity: the plan, the implementation and the follow-up.

Phase 1: The plan

A Business Impact Analysis covers all aspects of the business and is usually initiated by top management. This analysis involves cross-departmental teams identifying the business's most critical systems and processes—and the potential effect a disaster would have on each area. A thorough risk assessment would also include an inventory of the entire business, the facilities, and, for each facility, the people, the equipment, the software, and the relevant data housed there.

Business analysts would then explore what could happen, imagining as many disaster scenarios as possible, hypothesizing how to handle each of those scenarios, and prioritizing the risks inherent in each. The scenarios should include the "domino effect," when more than one thing goes wrong. The recent earthquake in Japan is a case in point. First Japan had an earthquake; then a tsunami, followed by a nuclear disaster. The Business Impact Analysis helps determine the sequence of activities, identifying which services should be restored first.

Once complete, a written Business Continuity Plan provides a highly detailed, step-by-step primer on what to do, when to do it, whom to bring in, and how to follow through. The best plans include simple checklists and priorities that are easy to follow when individuals find themselves in stressful emergency situations. Since staff turnover is an ongoing issue, the Business Continuity Plan must be written by "job function" rather than by name of individual.

The document further defines emergency response protocols and the "recovery point objective," or when the recovery mission is deemed complete. This is crucial for the long-term health of a business, particularly service businesses, as the customer is the ultimate arbiter of when service is back to normal.

The Business Continuity Plan should establish communications guidelines and service levels that will enable staff to effectively manage customer expectations throughout the disaster and its aftermath. As data integrity is the backbone of many service organizations, sections on information technology planning and recovery must detail procedures for backing-up data and designating alternative sites for housing data. If the need is great enough, as in the financial services industry, duplicate systems are often created off-site, ready for deployment at a moment's notice.

The final part of the plan development is annual training. All persons involved, from the executives down through the on-site implementation team, must review the plan at least annually. Remember, organizational structures and personnel change all of the time, and new team members need to fully understand their current role. Executive management needs to sign off on the plan, empowering the management team to rapidly respond to the disaster that is at hand. The plan must be rigorously tested under conditions as realistic as possible. Each facility needs to designate an owner for that site's Business Continuity Implementation Team.

Case in Point: Pitney Bowes Mail Services

The general manager of the presort services facility in the Dallas/Fort Worth area was well versed in Business Continuity Planning when disaster struck on the night of February 7, 2011. The Pitney Bowes 41-page Business Continuity Plan had been updated and tested months earlier and included detailed work flows, task lists, contacts, network configurations, technology specs, necessary documents, contingency plans and communication plans for both employees and customers. Thanks to the recent plan testing and updates, all employee lists, customer phone numbers and e-mail addresses were correct and reliable.

2. Forrester Research, Inc. "Wake-Up Call: You Aren't Ready For A Disaster," February 9, 2011.

Phase 2: The implementation

Once the Business Continuity Plan is in place and the staff is trained, every situation, no matter how onerous, can be met with confidence. When disaster strikes, immediately implement the plan. Don't delay. Take care of the short-term needs first, and let the plan run its course.

Case in Point: Pitney Bowes Mail Services

With a documented plan in place, local Pitney Bowes management had the authority, insight and direction needed to respond quickly as the extent of this disaster unfolded.

Within three hours (night of February 7)

- All employees were evacuated to safety
- On-site management met with local public safety officials
- A perimeter was established to secure client materials
- Key customers were informed of the fire, even before the extent of the problem was known

Within twelve hours (morning of February 8)

- All staff were contacted and redeployed to alternative sites
- A "war room" was established at a nearby hotel facility
- Corporate executives took on responsibilities as outlined in the plan
- All customers were contacted and given direct line access to their service rep
- Fleet of trucks was inspected and approved for operations
- Contact was made with the USPS, key vendors and business partners
- Short-term solution to redirect mail to alternative sites put in place

Within twenty-four hours (night of February 8)

- Work was underway to identify temporary space
- New equipment, servers and technology ordered and in route
- Preliminary assessments as to what was lost in the fire
- Began work to gauge insurance impact for company and clients

Within forty-eight hours (February 9)

- New equipment operational at temporary facility—increasing local capacity
- Alternative sites identified for more permanent space
- Ongoing communications to customers
- Validated that proper security protocols were in place at all temporary operation centers

The Pitney Bowes example demonstrates ten best practices during the implementation phase:

1. **Ensure employee safety.** Employees are a business's most valuable resource. Follow proper safety procedures for evacuation in the event of a fire or natural disaster, making sure that everyone is out of the building and at a safe distance. Perform a physical headcount to verify that no one has been left behind.
2. **Contact local emergency assistance.** Cooperate with local authorities and let trained professionals do their job without interference.
3. **Secure IT data center.** If the data center is endangered or compromised, implement the IT disaster recovery plans.
4. **Secure client information and assets.** Especially important for service providers, getting client information, materials and/or product to a place of safety must be top priority. In the case of a natural disaster, such as a fire, on-site security can establish a perimeter.
5. **Contact corporate executives.** The on-site team will be in the thick of things from the start. Smart organizations know to tie-in the corporate executives immediately. This executive immersion promotes organization-wide accountability and enables businesses like Pitney Bowes to tap into their nationwide resources to resolve problems swiftly. Local or on-site management might be in the best position to react to the situation at hand. Corporate personnel can gather the necessary resources to help ensure that on-site management does have access to those resources.
6. **Notify customers.** The best relationships are built on trust and, in the event of a disaster, that trust can be a source of strength. Share information early and often with customers, so there are few surprises and no recriminations on the road back to normalcy. Personal outreach from senior manager to senior manager goes a long way toward instilling confidence that the situation is under control.
7. **Contact recovery partners.** Reach out to resources that can keep the infrastructure together, if necessary, while the Business Continuity Team focuses on delivering services and keeping customers happy. You may need to engage data warehouse resources, building security firms and key vendors to provide stop-gap assistance.
8. **Move to a secure location.** When the physical plant is no longer operable, or the building site presents dangers to personnel, the business must move all personnel to a pre-planned secure location. Off-site data centers take over business critical processing.

9. **Communicate. Communicate. Communicate.** This is a mantra that cannot be repeated often enough. Foster open dialog between on-site staff and the corporate Business Continuity Team. It is important to reach out with available information for customers early on, and then follow up with periodic updates, so that customers remain in the loop.
10. **Begin restoration of services.** Even while the disaster is unfolding, restore service quickly by following the preordained Business Continuity Plan.

Phase 3: The follow-up and fine tuning

After the initial shock recedes, and immediate customer needs are met, it is important to maintain momentum for the full-term of the recovery process. There is no point in winning the battle over disaster to lose the war on recovery. A comprehensive Business Continuity Plan will continue through these post-event projects:

- **Physical plant replacement/rebuild.** Disasters impact buildings, and also all the materials inside that building. Your Business Continuity Plan must include procedures—and budget guidelines—for decisions regarding when to replace and when to rebuild. On-site staff must identify the needs for repair or replacement and coordinate efforts with corporate.
- **Keep open lines of communication with corporate staff.** Foster the spirit of camaraderie engendered by the disaster. Cooperation between on-site personnel and corporate can speed the return to normalcy and demonstrate to employees that everything is under control.
- **Maintain ongoing communications with employees and customers.** Throughout the recovery, employees and customers may still feel vulnerable. Provide regular updates on the status of the building repair. Let employees know when they will be able to get back into a refurbished building, or where they will be relocated. Keep customers reassured that their products and/or data are secure and that service will continue.
- **Focus communication to major customers.** Identify a designated point of contact to ensure consistent and reliable communications occur. Funnel all questions and answers through these staff contacts.
- **File appropriate insurance claims quickly.** Work hand-in-hand with insurance companies so claims can be processed in a timely and accurate manner. Keep careful records of all materials status and repair. As necessary,

help customers with whatever additional backup they may need for insurance claims.

- **Provide customers with confirmation of recovery and destruction.** When you manage data and other secure items for customers, it is critical that there be no security breach. That extends to confirming which materials have been completely recovered and which have been completely destroyed.
- **Conduct a review of the incident.** Publish your detailed findings as a “lessons learned” for the Business Continuity Planning Team. Share the executive summary with senior management to describe what worked and what can be improved. Provide customers with “lessons learned” to allay any remaining anxieties.
- **Reflect/Refine/Revise.** While you can be satisfied that your Business Continuity Plan was well-implemented and avoided costly, long-term impact to your company, it is always wise to make adjustments to the written document, incorporating real-life learning into what had been a hypothetical plan.
- **Know your contractual obligations.** Review each contract and clearly communicate to team members your obligations.
- **Remain vigilant.** Your business came through the disaster with flying colors, thanks to a well-planned, well-executed Business Continuity Plan. But don’t rest on your laurels; be ready for the next time.

Case in Point: Pitney Bowes Mail Services

Five months after the initial fire alarm sounded, teams continue to follow-through on the tasks outlined in the formal plan.

The disaster site remained closed to clean up and destruction crews, pending completion of the final insurance investigation including their “cause and origin” review. An extensive effort continues to assist clients on insurance claims processing.

Over the course of this time, Pitney Bowes experienced a 98 percent customer retention rate—a testament not only to the teams and plans in place, but also to the high levels of understanding, encouragement and support provided by customers.

In June 2011, Pitney Bowes opened a new, state-of-the-art permanent facility in Grand Prairie, Texas.

Preparing your business for the unexpected

Successful Business Continuity Planning is a long-term corporate commitment. Planning takes much advance work, assessing risk, identifying resources, and generating detailed protocols. But as the incident at the Pitney Bowes mail services center in the Dallas/Fort Worth area demonstrated, a fully-trained staff, which is accustomed to making decisions, following a formal Business Continuity Plan meant the difference between effective response and complete breakdown in customer service.

With a proper Business Continuity Plan in place, you can sleep at night, knowing your team is prepared and your business is secure.

To learn more about Pitney Bowes and its mail services business, call **1-877-962-4578** or visit **www.pb.com/mailservices**

Additional references

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