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Lessons of Ike can help Gulf Coast businesses improve disaster-recovery measures

If you were to ask any meteorologist, he or she would tell you that Hurricane Ike was not a major hurricane.

As a strong Category 2 storm with maximum sustained winds reaching 110 mph, Ike fell just short of being classified as a major hurricane — that distinction is reserved for storms that reach Category 3 strength or higher.

But you would be wise not to argue that distinction too strongly with anyone who lives along the Texas Gulf Coast.

While the financial damages from Hurricane Ike continue to mount, early models estimate insured losses from both onshore and offshore damage between \$6 billion and \$16 billion. That feels pretty major to most of us here in Southeast Texas.

And if your business is one of those still working to get its operations and systems back up and running at full productivity, you are probably feeling very real and very major pain.

In the aftermath of 9/11, financial institutions located in and around the World Trade Center in New York City discovered they had not designed their data recovery systems to withstand the degree of devastation caused by the terrorist attacks on the Twin Towers.

In its "Summary of 'Lessons Learned' from Events of September 11 and Implications for Business Continuity," the Security and Exchange Commission reported that "it was clear that business continuity planning had not fully taken into account the potential for wide-area disasters and for major loss or inaccessibility of critical staff."

Now, seven years later, Hurricane Ike has forced businesses along the Texas Gulf Coast



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to test the design of their disaster recovery processes and systems.

Would you say your business passed or failed?

Ask yourself these questions:

- Did your business have processes in place to systematically replicate and secure data that is critical to its ongoing operations?
- Did your business take steps to house back-up data in a location that is geographically remote from its primary location and outside from the direct path of the storm?
- Did multiple employees know how to access the back-up data to maintain business operations?

If you answered no to any of the questions above, it would be understandable that your company may not be fully functioning post-Ike, even with access to power, because it is unable to obtain access to certain data necessary to effectively resume operations.

That is not uncommon. Too few business owners have a fail-safe disaster recovery plan in place. More often, they think about it after they need it.

However, failing to develop a disaster-recovery plan can be costly for a small or mid-size business.

While it is relatively easy to measure the costs to replace lost equipment, it is far more difficult to assess the less tangible costs that result from business downtime.

Businesses have to consider the costs of lost sales, lost customer goodwill, lost productivity and missed contractual obligations, as well as the increased costs incurred when attempting to make up these losses.

Needless to say, having a recovery plan established that helps a company quickly recover data and restore normal business operations can minimize these potential costs.

In its "Lessons Learned" report, the SEC not-

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ed that one emerging disaster-recovery model being used by some firms is to operate with two or more widely separated active sites for critical operations that provide inherent backup for one another.

The strategy addresses a number of key vulnerabilities by, "eliminating dependency on availability and relocation of staff at any single location, reducing likelihood of telecommunications single points of failure, supporting maximum geographic separation, and assuring business continuity through actual use, rather than infrequent and less than complete testing."

Obviously, creating and maintaining redundancies is costly — and thus, perhaps, impossible — for many small to mid-size businesses. However, partnerships with professional service firms can help to serve the same purpose.

For example, professional employer organizations manage integral administrative functions, such as human resources, benefits and payroll processing for their clients.

Subsequently, a PEO can protect certain critical data by housing and maintaining redundant systems and administrative files for clients at a separate geographical location.

While most professional services firms, like PEOs, legal firms or accounting agencies, would never consider themselves in the data storage or recovery industry, following 9/11 and subsequent disasters like Hurricanes Katrina, Rita and now Ike, such firms recognize this as an added benefit they can offer their clients.

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