



Resiliency1™

Index and Report

created for

The XYZ Company

Submitted and Prepared by:
North River Solutions, Inc.



Report Sponsored By:
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Disclosure Statement

The opinions expressed in this report are solely based on material and information supplied by the client. The OneBeacon Insurance Group and North River Solutions have not attempted to verify any of the information supplied. As such, all comments, opinions, and recommendations are offered as suggestions and discussion points.

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Resiliency:

That quality of an organization’s culture, procedures, training, awareness, and infrastructure that allows it to continue to meet operational goals even when impacted by a disruptive event.

Resiliency1™ Index and Report

This report will give management insight into the ability of the organization to maintain an acceptable level of operational performance even in the face of extraordinary events. This analysis was sponsored by the OneBeacon Insurance Group (OBI) who engaged the services of North River Solutions, Inc. (NRS) to conduct this study.

Funding for this analysis is provided by the OneBeacon Insurance Group in an effort to help preserve human life, protect assets, and promote a healthy, resilient community.

The information used in this assessment is drawn from a self-assessment questionnaire completed and returned by the firm to the analysts at NRS for comment and reaction.

The material in this questionnaire is drawn from ongoing original research conducted by NRS and sponsored in part by OBI. For more information on the design of this self-assessment survey, please contact NRS directly.

Resiliency1™ Index

North River Solutions in collaboration with OneBeacon Insurance Group and several business resiliency experts have developed a benchmarking tool that allows an organization to measure its level of crisis preparedness and project its ability to operate during a disruption. Known as the Resiliency1™ Index, this unique metric allows an organization to periodically measure its performance against recognized “best practices.” By periodically consulting the Resiliency1™ Index, management can track the firm’s performance in each of the twelve areas identified as critical to successful and sustained operations, and quickly address issues needing attention.

Resiliency1™ Index Rating Table and Graph

The original self assessment questionnaire solicited answers in twelve areas. These areas represent a superset of topics that are identified as critical to operations by the major industry standards in this area, such as NFPA 1600 and BS 25999.

This part of the report summarizes the resiliency rating of the firm based on the answers given to the questions in these twelve areas. These areas are identified as ones that either must continue to operate in order to maintain production, or that will be called upon to respond to a crisis. By measuring the resiliency of each of these twelve areas the resiliency index of the firm as a whole can be determined.

This information is presented as a table and as a bar-chart graph.

A quick review of these results will provide some insight into the firm's (and its local community's) readiness to respond in a resilient manner to a widespread event such as a regional power outage.

This list of disciplines included in this survey is derived from current research into the topic and is based in part on those covered by the various emergency management and business continuity standards (e.g.: NFPA 1600, BS 25999). The twelve disciplines are:

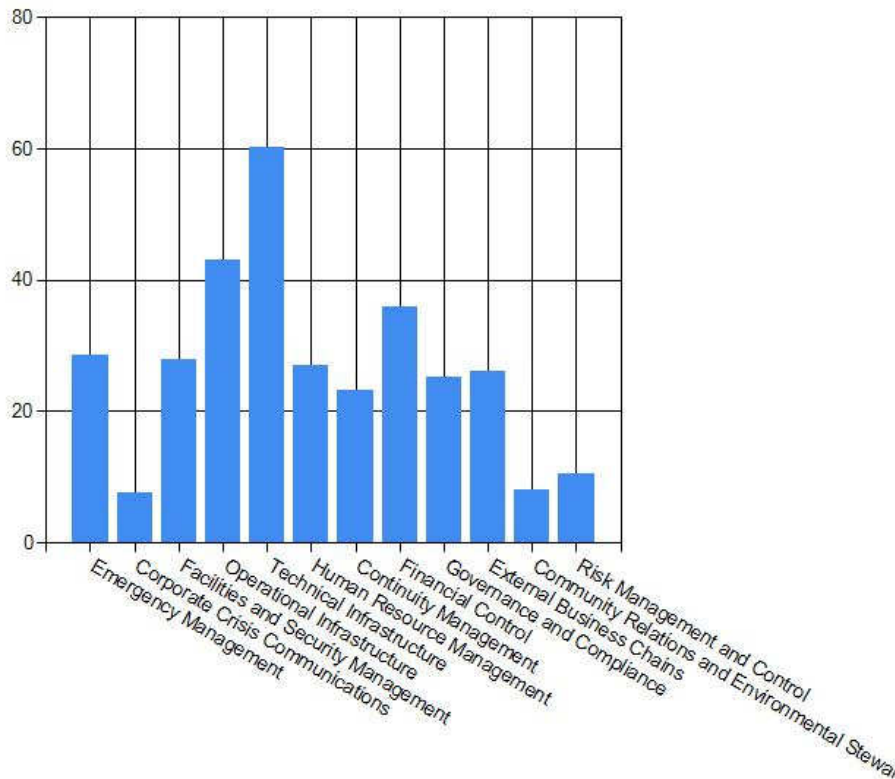
- Emergency Management
- Corporate Crisis Communications
- Facilities and Security Management
- Operational Infrastructure
- Technical Infrastructure
- Human Resource Management
- Continuity Management
- Financial Control
- Governance and Compliance
- External Business Chains
- Community Relations and Environmental Stewardship
- Risk Management and Control

Clients are encouraged to take the survey often annually and track the changes in their resiliency rating as they implement various programs.

Survey Raw Data Table

Section	Max Score	Survey Score
Section 1: Emergency Management	282	80.5
Section 2: Corporate Crisis Communications	173	13
Section 3: Facilities and Security Management	285	79.5
Section 4: Operational Infrastructure	122	52.5
Section 5: Technical Infrastructure	224	135
Section 6: Human Resource Management	115	31
Section 7: Continuity Management	136	31.5
Section 8: Financial Control	89	32
Section 9: Governance and Compliance	133	33.5
Section 10: External Business Chains	107	28
Section 11: Community Relations and Environmental Stewardship	99	8
Section 12: Risk Management and Control	77	8

Survey Normalized Chart



Survey Responses

Section 1: Emergency Management

Question #1: Is there a documented Emergency Preparedness Plan?

Question Comment: Having and distributing a formal Emergency Preparedness Plan (EPP) are essential and required elements of a business resiliency program. This document communicates vital information to all stakeholders, especially employees. Communicating this type of information which explains how to prepare for and cope with emergencies, has been shown to make a significant difference in an organization's ability to quickly, effectively, and safely manage emergency situations.

Selected Response: Partially

Recommendation: Since completion of the EPP has a direct impact on the safety of personnel at the worksite, development of this plan should be a top priority. EPPs are valuable for many reasons. For example, this type of plan gives those charged with managing the crisis situation information on the types and quantities of resources that are available. Second, many of the core techniques and policies discussed in an EPP are useful in a variety of settings and risk scenarios. The skills developed in learning to evacuate a building in the event of a fire can be helpful in coping with other crisis situations where evacuation is necessary and crowd control a key safety element. Bomb threats or structural building problems are examples that illustrate this principle. NRS recommends that the portions of the EPP that deal directly with life and safety issues be distributed to employees and others who might be directly affected in a crisis (for example, onsite contractors and vendors). Many organizations create laminated handouts and wallet cards that provide emergency contact information as well as advice on how to handle various situations. For assistance, consult the Resource Page posted on the Resiliency1[™] website. You may also contact NRS for advice on this and related subjects.

Question #2: Has the Emergency Preparedness Plan been reviewed and updated within the past 12 months?

Question Comment: It is common for emergency preparedness plans, often written with little collaboration, to be stored and forgotten until an emergency occurs. While this may work for certain stable elements of business operations, the dynamic nature of preparedness plans demands that operational strategies and program details be current and well-rehearsed. After all, lives are at stake! Organized by risk scenarios (example: severe weather, electrical outage, violence in the workplace, etc.), the typical emergency preparedness plan contains a listing of risk reduction strategies, inventory of available resources, response techniques, a directory of support agencies, and a list of specific policies or other vital information needed to facilitate a quick, safe, and effective

Recommendation: Since there were no recent (last twelve months) events that cause a major disruption, were they any events that were managed so as to avoid a disruption? If so, what was the reason for this level of resiliency? Other questions to be asked include: 1) Would the outcome have been different if our organization was more engaged with the community? 2) Would we have benefits from additional training of our employees? 3) Were there any warning indicators of the problem that went unnoticed? 4) Are there any areas where increased spending would have made a sizable difference in the outcome? 5) Did management participate in a post event review and then take action based on the lessons learned? The answers to these questions will help improve the overall resiliency of your operation.

Question #14: Is there a documented policy that calls for a timely root-cause analysis of any disruptions?

Question Comment: This issue has been addressed above but in the context of very specific events. This question is focused on policy. Is there a documented procedure that triggers a root cause analysis? Clearly, there should be. Any business that has implemented any of the ISO standards (e.g., ISO 9001, ISO 27001, ISO 14000, etc.) would have a management system. Even organizations that have not implemented any of the ISO standards and do not have a management system in place should consider implementing a root cause analysis process.

Selected Response: No

Recommendation: Not having this policy is understandable if you have no management system (an ISO requirement). Investing in the deployment of a management system will assist the firm in many ways. For example, the firm will be better positioned to implement any of the ISO standards. For more information on this subject contact North River Solutions.

Question #15: Is there a monitoring system that tracks and evaluates external threats and relevant events (e.g.: weather warnings)?

Question Comment: While history is not an absolute predictor of the future, there are useful trends that can be detected. For example, in the United States, hurricanes occur with much greater frequency at certain times of the year in specific geographical locations. Similarly, by keeping track of various incidents, you may be able, through a root cause analysis to determine periods in the business cycle when things are more or less likely to occur. This same type of trend tracking is available through a variety of Internet sites. Many of these sites also provide predictive warning about upcoming storms. For more information on this topic visit the Resource Center at the Resiliency1™ website.

Selected Response: No

Recommendation: While potentially seen as an overwhelming task there are usually only a small number of high probability threats facing the organization. NRS strongly recommends that an individual be assigned responsibility for researching three lists. First, review the history of the organization and note any events that led to a disruption over the past five years. Such events can range from labor disputes to natural hazards such as severe weather. Second, a similar list should be compiled of high impact events that caused disruption in the general area. News reports are a very good and simple way of assembling such a listing. Last, develop a list of threats that are identified as being of industry-wide risks. In many cases, specific job skills are noted in annual “state of the industry” reports as are key legislative initiatives. Experience shows that such lists can usually be accomplished in one working day. Have management review this information and develop a “short list” of the few threats that will be actively tracked. This can usually be done using news sources via the internet as well as some of the specialized websites referenced above. Reliable monitoring can be achieved using one or more battery operated/hand crank equipped radios in the facility. A television is desirable but is not required.

Question #16: Does the organization have a formal procedure for dealing with threats that arise during normal or primary work hours?

Question Comment: A crisis can arise at any time. Severe weather, human errors, natural disasters, disease, and criminal activity can happen at any time. For an organization to be truly resilient it must be prepared to respond to disruptions when they occur.

Selected Response: No

Recommendation: When a crisis occurs during normal work hours, there is usually little difficulty reaching employees on the current shift. Usually these same employees can inform their families and no outreach program is required. The answer is somewhat more complex when dealing with multiple shifts. NRS recommends developing a policy in this area over the course of the next twelve months.

Question #17: Does the organization have a procedure for dealing with threats that arise outside of normal or primary work hours?

Question Comment: Companies are sensitive not to interfere in the personal time of their employees. In the event of a disaster during non-prime work hours, such contact may become necessary. Having an up-to-date list of telephone numbers and email accounts can facilitate this process.

Selected Response: No

Recommendation: When a crisis occurs during off hours it is important to have an effective notification and escalation procedure. This will ensure that employees are given maximum notification. There are well over fifty U.S. vendors offering solutions in this

area today. If you are interested in discussing their capabilities, please contact North River Solutions.

Question #18: Are key suppliers and business partners required to provide performance guarantees and Service Level Agreements as part of all contracts?

Question Comment: Given the important role that supply, service and demand chains (collectively known as External Business Chains) play in business operations, many businesses are asking key trading partners to provide these types of guarantees as part of the normal business relationship.

Selected Response: No

Recommendation: Many businesses are beginning to require trading partners to answer the questions: “Do you have a business resiliency plan?” and “What level of performance can we expect from your organization were it to suffer a disruption of operations?” NRS recommends you begin to implement this policy as a standard practice in dealing with the risk of interruption from business partners. We also suggest you consider Contingent Business Interruption Insurance.

Question #19: Has management reviewed the list and decided which threats are acceptable and unacceptable?

Question Comment: Having management buy in is an important element in the success of any program. Bringing a prioritized list of risks to their attention and making them aware of ways to avoid, mitigate or transfer the danger associated with each risk is the best way to proceed.

Selected Response: No

Recommendation: It is important that management be aware of the risks facing the enterprise and make a conscious decision with regard to each key risk. Over time it is important to update both the risk assessment and the cost of the options available to management to deal with these risks.

Question #20: Does the company assess the risk posed by doing business with their key suppliers, distributors, and business partners?

Question Comment: In today’s economy, there is increased dependency on business partners. The success of the operation can be dependant on the health and reliability of the partner supplying the service or product. This dependency is one reason for the dramatic rise of interest in business resiliency auditing. Many organizations now require their trading partners to go through the Resiliency1TM audit and report the results as part of contract negotiations. Understanding the capabilities and weaknesses of trading partners is an important aspect of running a business in the 21st century.

Selected Response: No

Recommendation: Because of the dependency we all have on other organizations, it is important to assess their capabilities and weaknesses as a risk to operations. In the future, consider asking trading partners to take a Resiliency1™ survey and share the results with your business.

We hope you find this information useful for further discussion and meaningful to your planning and understanding of the current state of readiness.

North River Solutions, Inc., One Beacon Insurance Group,
and your local insurance agency.

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