

by Dave Kunz



Howard Simon & Associates Inc.

Disaster Recovery Plans

Are you ready for a worst case scenario?

You may be convinced that your business is ready in the event of a disaster, but how confident are you that your business partners and vendors are also ready? To those who outsource their payroll, HR, accounting, and other financial or critical aspects of their business, you need to be assured that your information is safe and accounted for. In the event of a disaster, you need to know that you will be able to continue business as usual. You may be surprised to learn that, according to a September 2003 study done by Digital Research, only 20% of small businesses even have a viable disaster recovery plan.

Think back to when Y2K was approaching. IT managers, CEO's, and other high level executives were suddenly made aware that disaster recovery was not simply recovering lost data. What they realized was that a disciplined approach is needed to recover not only data and systems, but also business processes, facilities and manpower in order to restore and maintain critical functions in case of a real disaster. As it turns out, the Y2K "disaster" never really unfolded. However, with the recent hurricanes Katrina and Rita, disaster recovery has again been brought to the forefront of executive attention, reminding businesses of the importance of having a solid disaster recovery plan.

Disaster doesn't always stem from Mother Nature. The tragic events of 9/11 brought new efforts to maintain business integrity, even in a terrible incident such as this. This tragedy did not just affect those who maintained offices in New York and Washington – the impact was felt worldwide. Other sources of disaster could include hackers, fires, flooding, power outages, application failures, employee error, and sabotage.

Disaster recovery is a plan for protecting an organization from information technology downtime and recovering from a catastrophic disaster. These events are not completely predictable and normal business procedures will almost certainly suffer after an initial disaster, so the importance of a recovery process is imperative. Decreased employee productivity, data loss, reduction in profits, damage to customer relationships, and reduction in revenue are all potential immediate consequences of a disaster.

So what constitutes a good plan? Each business is unique, and there is no cookie cutter plan that will work for everyone. There are basic needs that a corporation must maintain, such as customer service, business operations, employee work schedules, communications channels and employee payments.

Payroll service is one of the many outsourced services that companies tend to take for granted; however, it is one of the most valuable services.

Maintaining these functions should be the basis of the disaster recovery plan, and be prepared to utilize a remote location to maintain these functions if necessary. Further, depending on the crisis, the business will need to assess the situation and determine the overall impact it has had on the business. If you don't feel that you can create your own plan, there are many companies who specialize in developing disaster recovery plans for you.

We have found that while most companies may not have a comprehensive plan, the majority of businesses have taken some time to consider at least their mission critical systems. The problem is that most companies fail to recognize their outsourcing partners as mission critical. For example, the ability to disburse paychecks in the midst of a disaster should be considered mission critical. This is the time when employees will need funds the most. It will also demonstrate, both internally and externally, that the company is still functioning and on the road to recovery.

If your current service provider does not have these measures in place, you should consider another provider.

Alternatively, a disaster affecting one of your outsourcing partners could turn into a disaster for you if they are not properly prepared. See Simple Standards to evaluate an outsourcing partner's readiness. Although nobody knows when a disaster is going to strike, a comprehensive disaster recovery plan and a thorough screening of your business partners should put your mind at ease if that moment ever arrives.

Dave Kunz, Howard Simon & Associates Inc

**Illinois
2004
Severe Weather Stats**

**87
Tornados**

**587
Thunderstorms &
high wind events**

**371
Hail storms**

**226
Flood events**

www.ncdc.noaa.gov

Simple Standards Checklist for Outsourcing Partners

- ✓ **Server backup and hardware redundancy on site** (IT failure)
- ✓ **Fireproof Safe** (Fire and Data Loss)
- ✓ **Independent or Off-Grid power generator** (power failure)
- ✓ **Offsite data backup** (total IT failure or complete building destruction)
- ✓ **Offsite secondary location for business continuity** (total IT failure or complete building destruction)