BIA—Preparing for the Unexpected

Being prepared for a crisis or disaster before it strikes is critical to the survival and continuity of business operations. By performing a business impact analysis (BIA), a company can begin to prepare for the unexpected.

The purpose of a BIA is to identify the operations, processes, business units/departments and staff critical to continue operations in the unfortunate event of a disaster. The business impacts should be based on a worst-case scenario assuming destruction of physical assets along with supporting records and unavailability of key personnel. Best practice is to assume that business processes would not be accessible for at least 30 days.

The objectives of a BIA are:

- Identify the critical operations, processes, business units/departments and staff on a corporate and facility level.
- Determine the impacts to the organization if these were not available or were interrupted for a period of time.
- Estimate the necessary recovery time for each item identified.
- Identify the resources required for recovery; however, the business impact analysis will not cover solutions for recovery.
- Determine the impact if an item identified could not be recovered.
- Estimate the tangible financial loss within a set of dollar loss ranges.
- Estimate the effect of intangible losses such as customer service, brand/company image, market share, etc. based on a scale of none to catastrophic with points of severity between the two extremes.

At the very least, the BIA should identify, prioritize and document those processes that are critical to the operation of each business unit/department. The BIA is an ongoing process and should be reviewed and revised when there are changes in people, processes, or systems.

It is imperative to have senior management support for the time and research required in order to meet the objectives of a BIA.

Make sure that the information gathered for the BIA is accurate and current so that the analysis is based on correct assumptions. Once the analysis is completed, it should be reviewed by business leaders and any required changes should be made before final approval.

The results of the BIA will provide a solid foundation for a company to develop a business continuity strategy and disaster recovery plan that provides the alternative methods of continuing operations and response actions to be performed during a crisis or disaster.

By: Carol Kozlowski, CPIM - Manager of Crisis Management for Insurance Services, RQA, Inc.

BIA Questionnaire

A business impact analysis questionnaire is a key tool in assessing the critical operations in each business unit/department within an organization. It is important to include incidents outside of the organization that may have an impact on the business as well. The BIA questionnaire should be structured to allow enough flexibility to make it relevant for all interviewees and also contain specifics to be answered by business units/departments. Individuals or teams from each business unit/department are surveyed to gather information contained in the BIA objectives.

It is recommended that a separate questionnaire be filled out for each business unit/department and each business process and business function contained within the unit/department.

Questionnaire data capture:

- If the function has to be performed at a specific time.
- The estimated loss of revenue.
- Any increased costs.
- Fines or penalties.
- Legal liability, personal damage, or public harm.
- Loss of intangibles; company image, loss in sales, market value, etc.
- Function/process upstream and downstream dependencies.
- Maximum amount of time function/process could be unavailable.
- Percent efficiency required to be minimally functional.
- Resources required for function/process.
- Anticipated changes in people/process/systems that could affect the business impacts.
- Any other useful data pertinent to the business.

The name of the person and the date completed should be included on each questionnaire.

Resources: searchdatacenter.com; ready.gov; Gartner, 12/2002; BCMIX
**Food and Drug Administration Recalls (www.fda.gov)**

<table>
<thead>
<tr>
<th>Product:</th>
<th>Incident:</th>
<th>Pathogen – <em>Listeria Monocytogenes</em></th>
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<tbody>
<tr>
<td>A Coon Rapids, MN firm is recalling various products packed in tubs with snap lids because they may be contaminated with <em>Listeria monocytogenes</em>. The products, recalled include peanut butter, spreads, dips, cold pack cheese and salsa that were distributed nationwide. The recall was a result of a sampling done by the states of WI and MN which revealed that some finished products contained the bacteria. FDA and the company continue their investigation to find the cause. There have been no reported illnesses associated with this problem. Food contaminated with <em>Listeria</em> can cause serious and sometimes fatal infection in young children, frail or elderly people, and others with weakened immune systems. Although healthy individuals may suffer only short-term symptoms such as high fever, severe headache, stiffness, nausea, abdominal pain and diarrhea, <em>Listeria</em> infection can cause miscarriages and stillbirths. Consumers should return affected product to the place of purchase for a full refund.</td>
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<th>Product:</th>
<th>Incident:</th>
<th>Allergen – Undeclared Milk</th>
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<td>A San Bernardino, CA company is recalling certain snack foods because they contain milk allergens that are not listed on the label. These recalled products were distributed to retail stores in NV, CA, OR, AZ and WA. People who have an allergy or severe sensitivity to milk run the risk of serious or life-threatening allergic reaction if they consume this product. This recall was initiated after it was discovered that the manufacturer inadvertently used the wrong labels on these particular products that did not reveal the presence of milk in the product. No illnesses have been reported to date in connection with this problem. Consumers with questions may contact the Corporate Quality Assurance Manager at the firm. Consumers who purchased these products may return them to the place of purchase for a full refund.</td>
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**United States Department of Agriculture Recalls (www.usda.gov)**

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<tr>
<th>Product:</th>
<th>Incident:</th>
<th>Violation – Unapproved Source</th>
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<td>A Jersey City, NJ establishment is recalling approximately 50,000 pounds of instant noodle products that were ineligible for import into the U.S. The company is recalling these instant noodle products because they do not meet product inspection or exemption requirements for poultry, beef and pork. The foreign inspection system of the country where the beef, poultry and pork ingredients originated, China, has not been deemed to be equivalent as required by federal regulations. The problem was discovered after FSIS identified the products in the marketplace. These products were distributed to retail establishments nationally. FSIS has not received any reports of illness, at this time, associated with the consumption of these products. Consumers and media with questions about the recall should contact the company coordinator.</td>
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<tr>
<th>Product:</th>
<th>Incident:</th>
<th>Adulteration—Foreign Material</th>
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<td>A Kokomo, IN establishment is recalling approximately 19,200 pounds of chicken pot pie products that may contain foreign materials. The recalled products were packed in 2.5 pound cartons and were produced on 10/09/09. These recalled products were distributed through Internet and catalog sales in DE, FL, IL, IN, IA, KY, MD, MO, NJ, OH, PA, VA, WV and WI. The problem was discovered when the company received complaints about finding metal straight pins in the product. FSIS has not received any complaints or reports of injury at this time. FSIS routinely conducts effectiveness checks to verify recalling firms notify their customers of the recall and that steps are taken to make certain that the product is no longer available to consumers. Consumers with questions regarding the recall should contact the company’s Corporate Director of Quality.</td>
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**Consumer Product Safety Commission Recalls (www.cpsc.gov)**

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<th>Product:</th>
<th>Incident:</th>
<th>Hazard – Laceration</th>
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<td>A Seattle, WA importer is recalling approximately 11,000 glass water bottles in the U.S. and about 1,200 in Canada. The glass water bottle and/or its stopper can shatter when the consumer is removing or inserting the stopper, posing a laceration hazard to consumers. The company has received 10 reports of either glass stoppers or water bottles shattering, including 8 reports of hand lacerations. The item was sold in company-owned stores and other stores nationwide in January. Consumers should immediately stop using the water bottles and return them to the place of purchase for a full refund and a complimentary beverage. For additional information, consumers are asked to contact the company or visit the company’s website.</td>
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<th>Hazard – Loss of Control</th>
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<td>A Cypress, CA distributor is recalling approximately 2,500 snow mobiles. A bolt in the right front A arm can loosen in the suspension/steering system, resulting in the sudden loss of steering control. This poses a risk of injury or even death to riders. The recalled product was sold at authorized dealers nationwide from June 2008 through January 2010. Consumers should immediately stop using the recalled snow mobiles and contact an authorized dealer to schedule a free repair. Registered owners were sent direct mail notification of this recall. For additional information, consumers are asked to contact the corporation or visit the company’s website.</td>
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For more information about these topics and more, please contact:

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