

**T A B B**  
GROUP

**Crisis & Continuity  
Services**



# Crisis & Crisis Management

7th Annual  
2008 Business Continuity & Corporate Security  
Show & Conference  
March 18 – 19, 2008

The advantage of first-person knowledge

*What's ahead for your company?*

# Agenda

- ▲ The Storm is Raging
  - ▲ Global Market Challenges
  - ▲ Recent lagging Performance
  - ▲ Recent Events
- ▲ Crisis & Crisis Management
  - ▲ The Response Continuum
    - ▲ Incident Response
    - ▲ Crisis Management
    - ▲ Business Continuity & Recovery
- ▲ Creating a Crisis Management Framework – A short case study
- ▲ Questions

# A Storm is Raging

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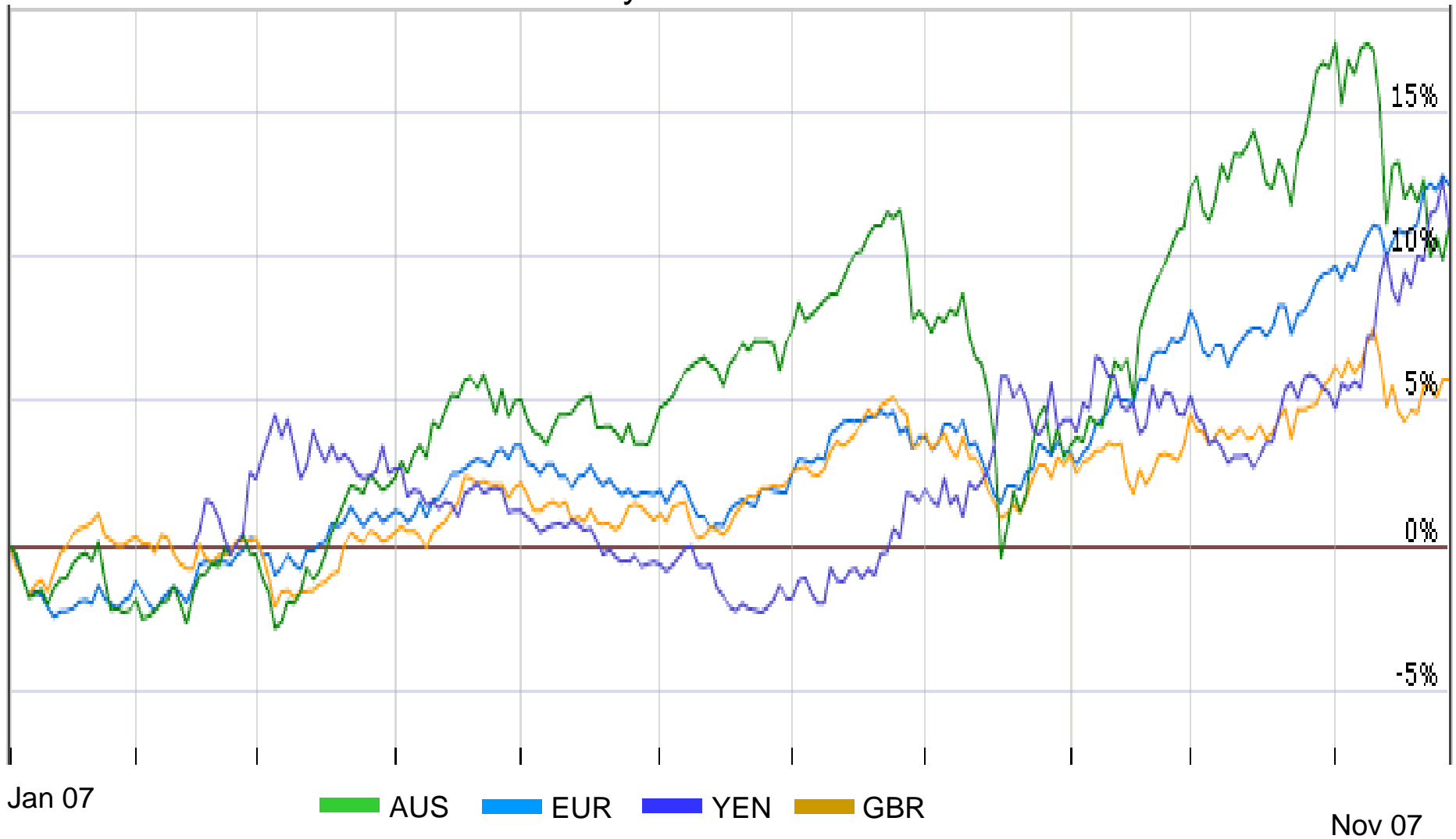
# Asian markets continue to far outpace others, as China, India & HK yield highest returns



Source: Yahoo Finance

# The dollar is getting walloped by other major currencies

Currency ETFs 2007 Performance

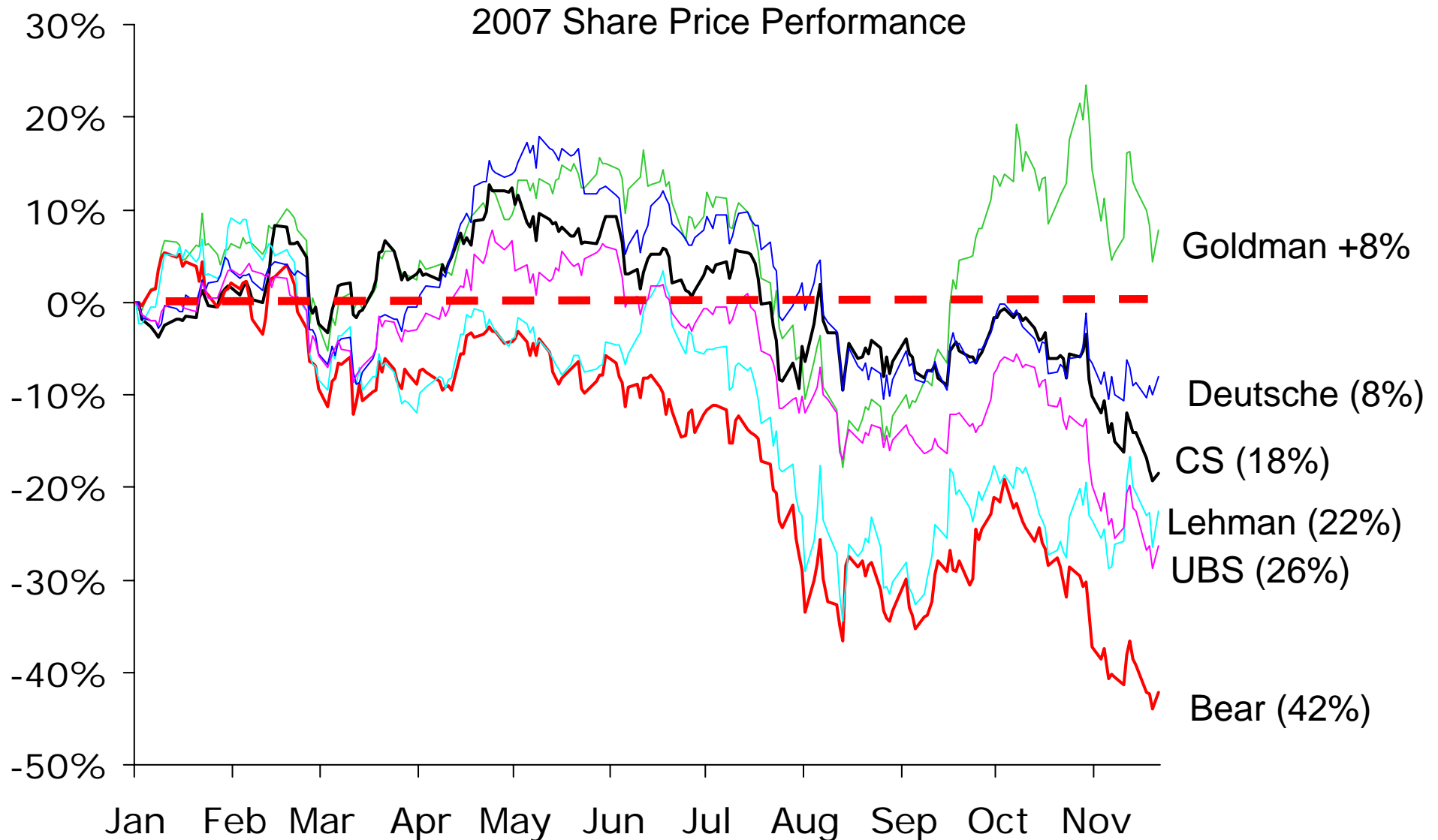


Source: Yahoo Finance

# Market volatility in the US (measured by the VIX) is at 4 1/2 year highs

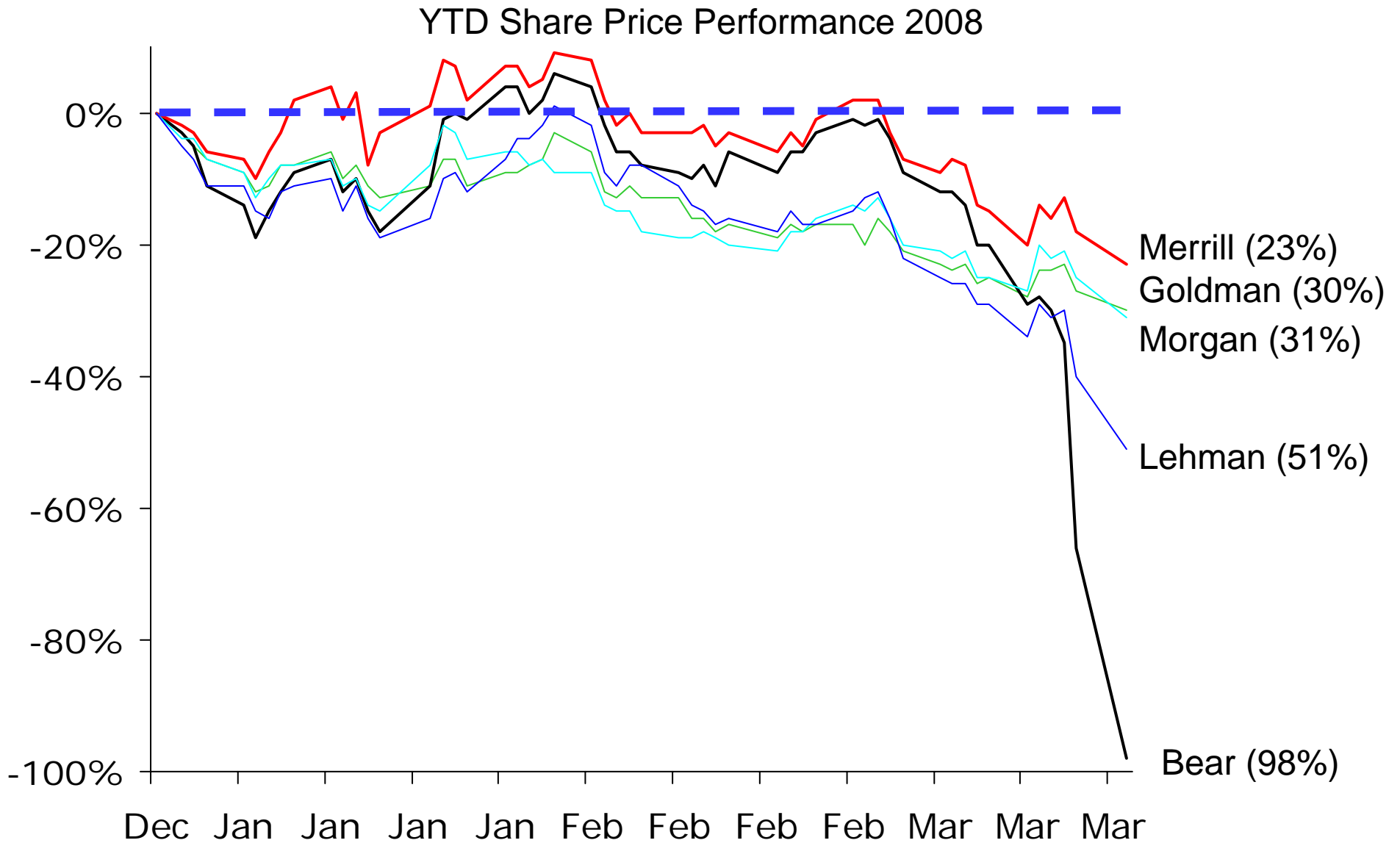


# Credit-related woes and impact on other revenue lines dragging down performance



Source: Yahoo Finance

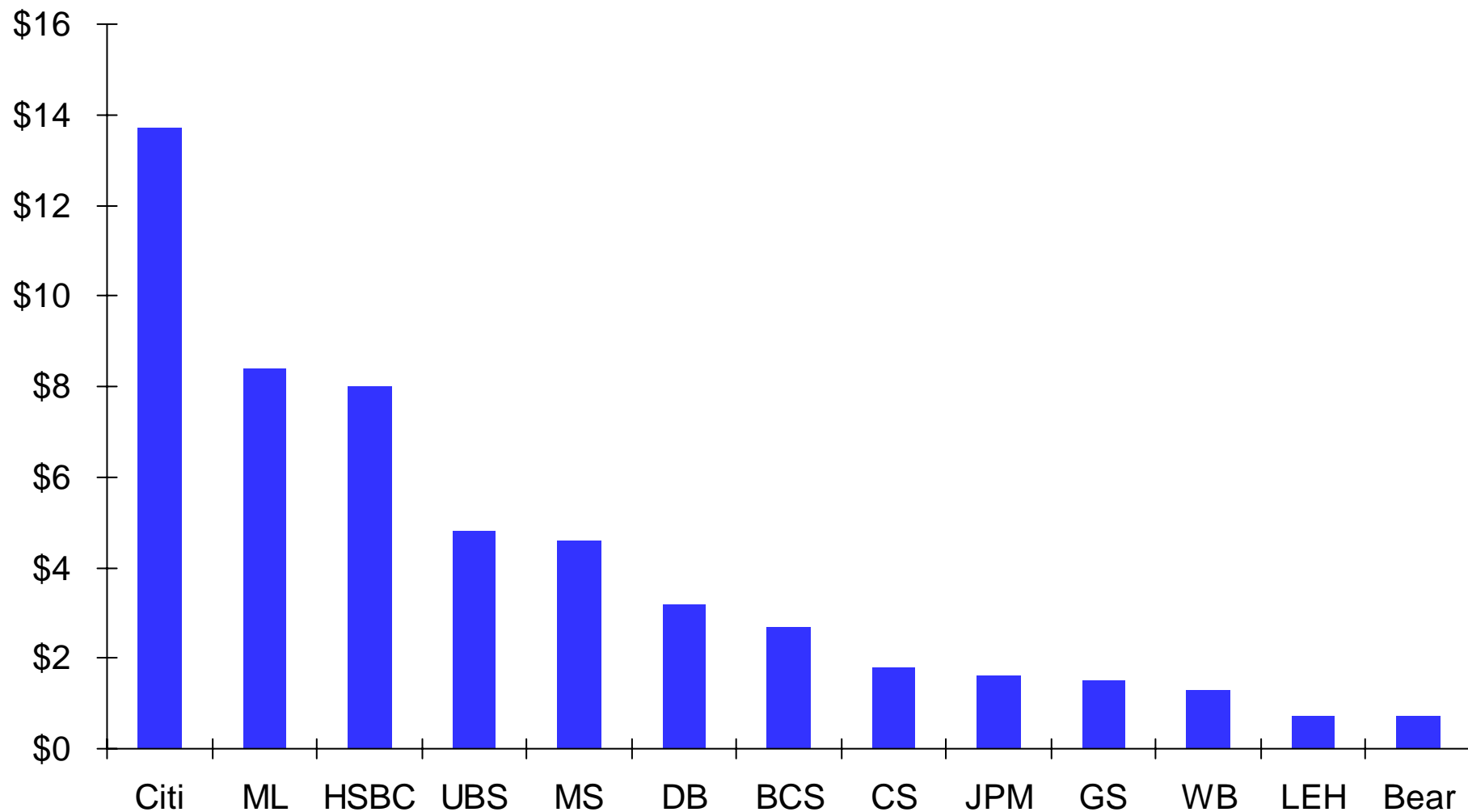
# And the hits just keep on coming



Source: Yahoo Finance

# Write downs already more than \$50B with some analysts expecting final tally close to \$300B

Credit-related write downs (\$US Billions)



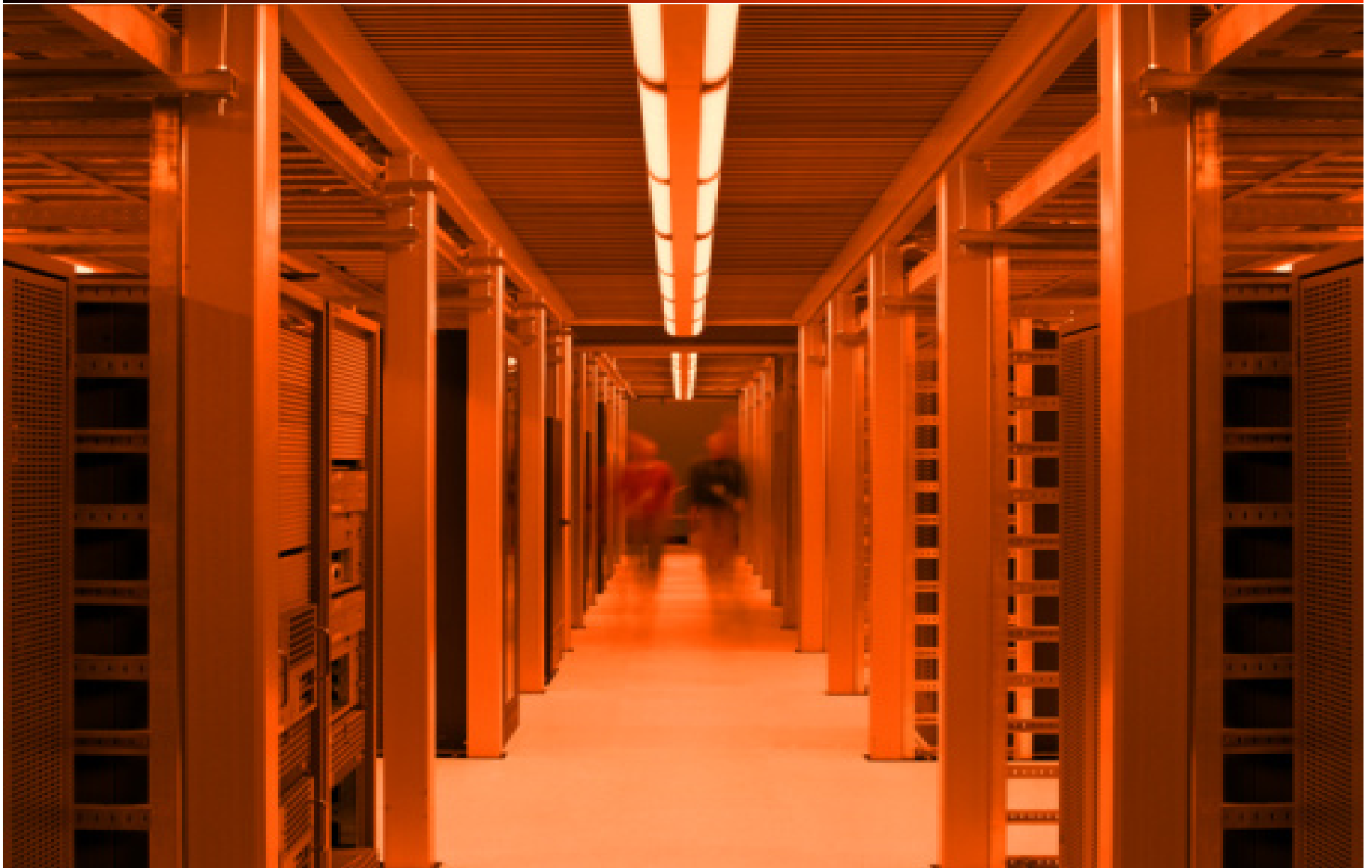
Source: Companies

# The Picture as of Today

Within the last few weeks, economic indicators are significantly troubling:

- ▲ Failures:
  - ▲ Bear Stearns (Top 10 bulge bracket bank, nearing 100 yrs)
  - ▲ Carlyle Group (\$81.1 billion in AuM)
- ▲ Governmental Factors
  - ▲ Federal Reserve injects massive amounts of capital in markets (\$200b, \$300b . . . )
  - ▲ Interest Rate Cuts (~3% & dropping fast)
  - ▲ U.S. dollar at record lows
  - ▲ Governor of NY resigns
- ▲ Natural Resources
  - ▲ Oil at record high prices (>\$100/barrel)
  - ▲ Precious metals at record highs (gold >\$1005/oz)
  - ▲ Food prices at record levels (wheat, hops, barley all up)
- ▲ Real Estate market tanking across the board

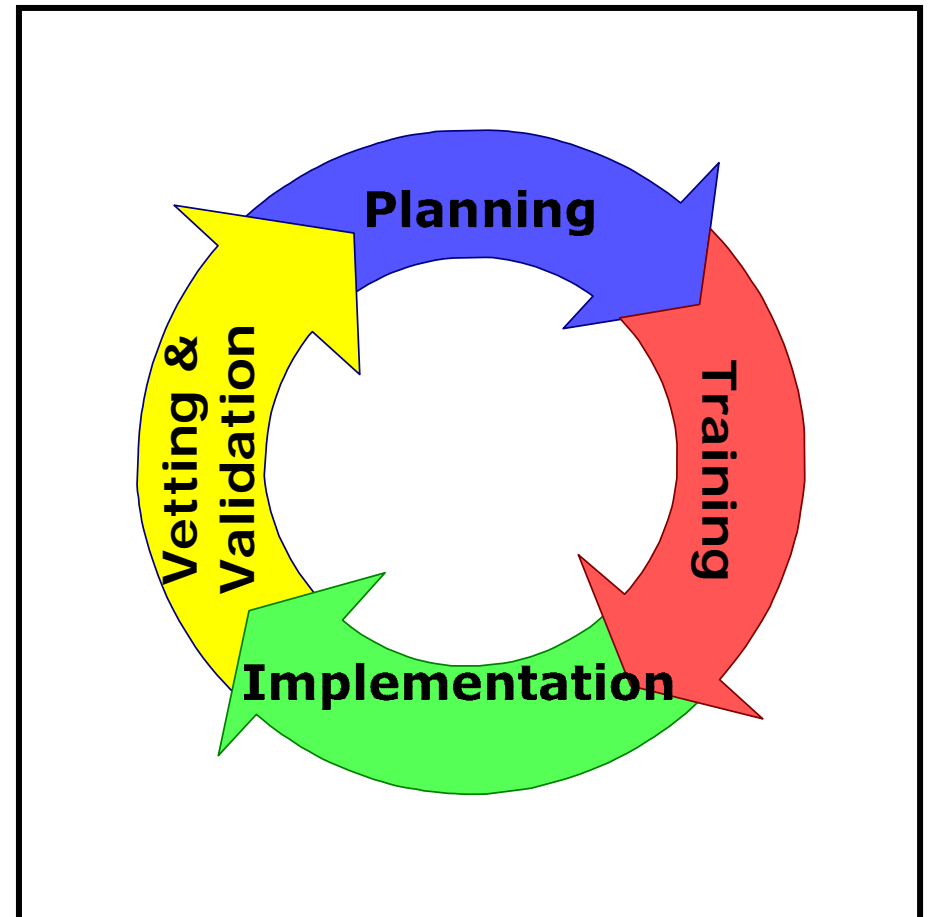
# Crisis & Crisis Management



# The Response Continuum

Security & Continuity professionals need to:

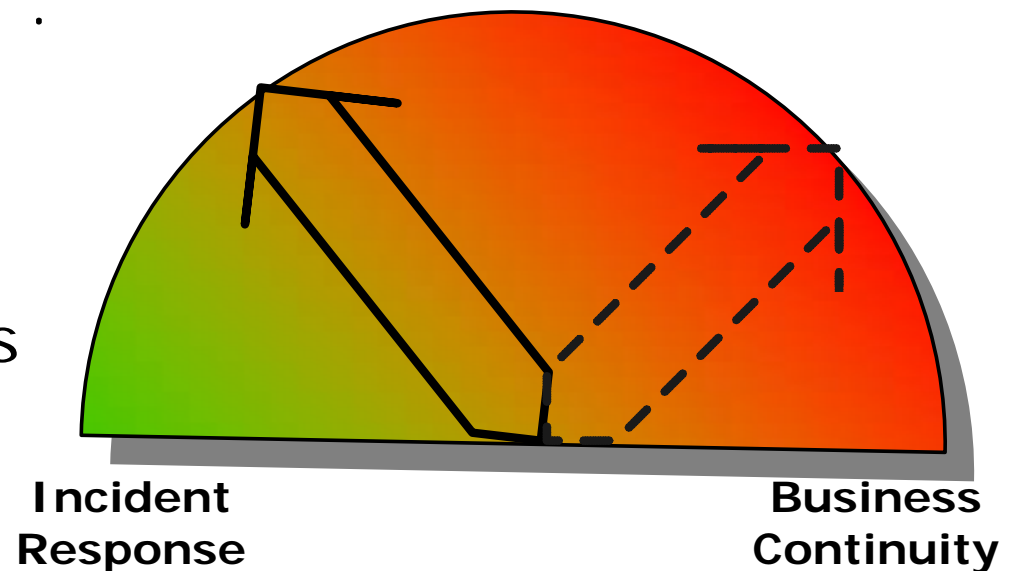
- ▲ Remember that nothing occurs in a vacuum
  - ▲ Events occur
  - ▲ Individual react
  - ▲ Organizations respond
- ▲ Built upon:
  - ▲ Planning
  - ▲ Training
  - ▲ Implementation
  - ▲ Vetting & Validation



# Incident Response

The organized approach to addressing and managing the aftermath of an unexpected incident such as a security breach, emergency or an attack

- ▲ It is the leading edge.
- ▲ Characterized by rapid response capabilities. . . .
- ▲ Tends to focus on security, facilities mgmt, IT & business continuity
- ▲ To be effective it needs to be well integrated
- ▲ Training & Education



# Crisis Management

The process by which an organization responds to an unforeseen or unexpected event that may have significant impact on the overall organization.

- ▲ Design, development and implementation of:
  - ▲ Crisis management,
  - ▲ Emergency management
  - ▲ Crisis communication
  - ▲ Emergency action plans
- ▲ Develop strategic vision on how your institution should respond to emerging events and potential crisis
- ▲ Develop & implement education, training and exercise programs to ensure organizational effectiveness



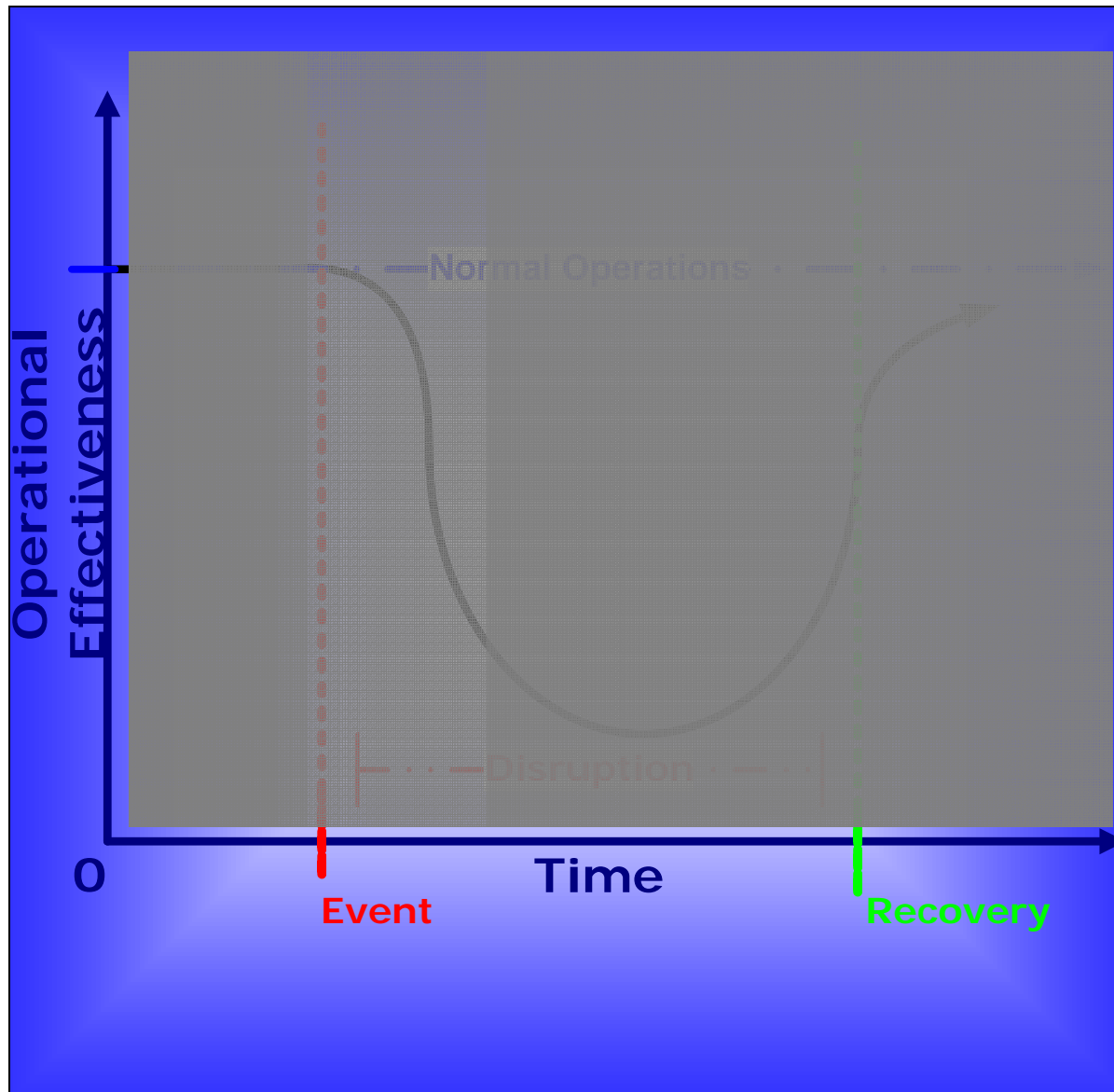
# Business Continuity Planning

The process of identifying, preventing or preparing for events that may interrupt business activities and develop specific contingency plans designed to protect critical business processes.

- ▲ Design & develop organizational business continuity plans
- ▲ Create specific contingency plans to meet unique organizational threats
- ▲ Develop new 'cost effective' & pragmatic methodologies for mitigating risk and ensuring continuity of operations
- ▲ Utilize globally accepted best practices based on unique sector experiences to provide client value



# The Response Continuum



- ▲ Classic Interpretation
  - ▲ Incident Response
  - ▲ Crisis Management
  - ▲ Business Continuity
  - ▲ Recovery
- ▲ Expanded Interpretation

# The Response Continuum - continued

- ▲ Flows through the spectrum:
  - ▲ Preparation
  - ▲ Planning
  - ▲ Education
  - ▲ Incident Response
  - ▲ Emergency Action
  - ▲ Crisis Management
  - ▲ Business Continuity



# Developing a Crisis Management Capability – A short case study



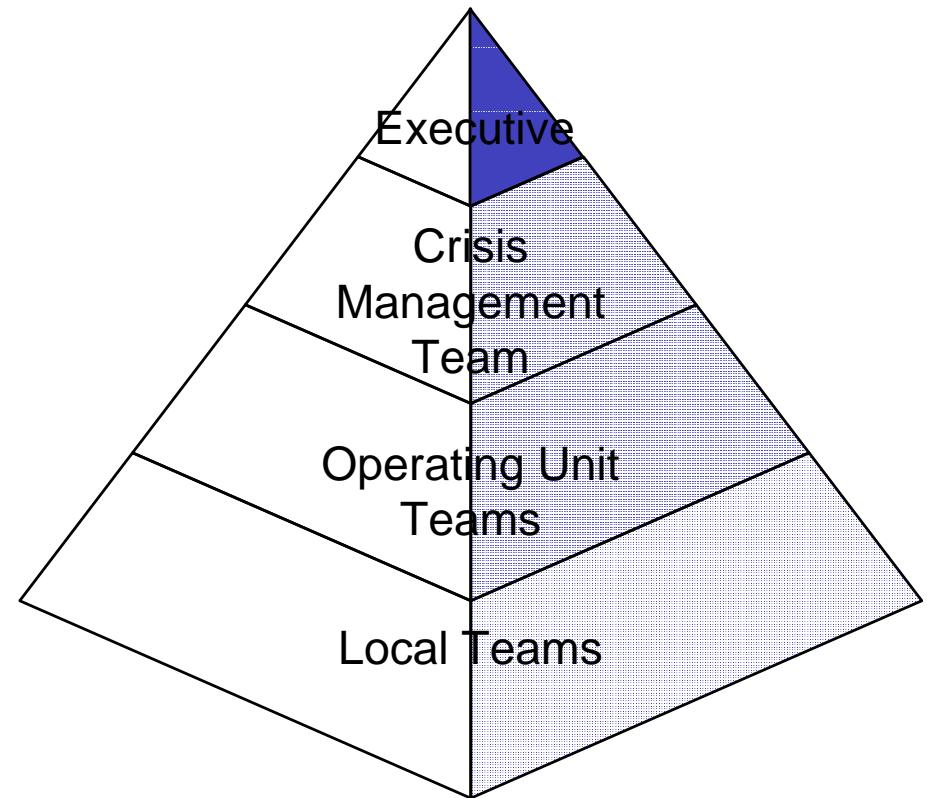
# Setting the Stage

- ▲ A national Organization
  - ▲ Headquartered in Suburban Chicago
  - ▲ Publically traded company
  - ▲ 66 Locations in US, Canada & Caribbean
  - ▲ 5 Operating Units
    - ▲ Organizational independent
    - ▲ Centralized Corporate Structure
    - ▲ Centralized IT support



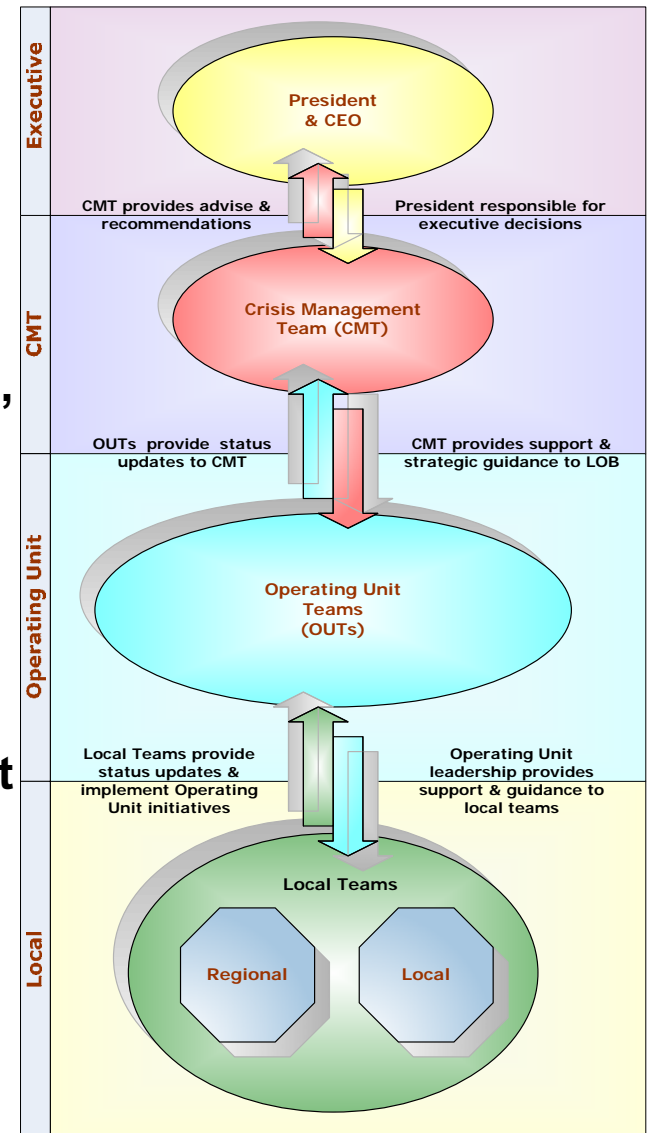
# Crisis Management Structure

- ▲ A Crisis Management Organization should:
  - ▲ Reflect the organization
  - ▲ Provide support to the Executive
  - ▲ Focus on information flows:
    - ▲ Up/Down
    - ▲ Internally
    - ▲ Externally

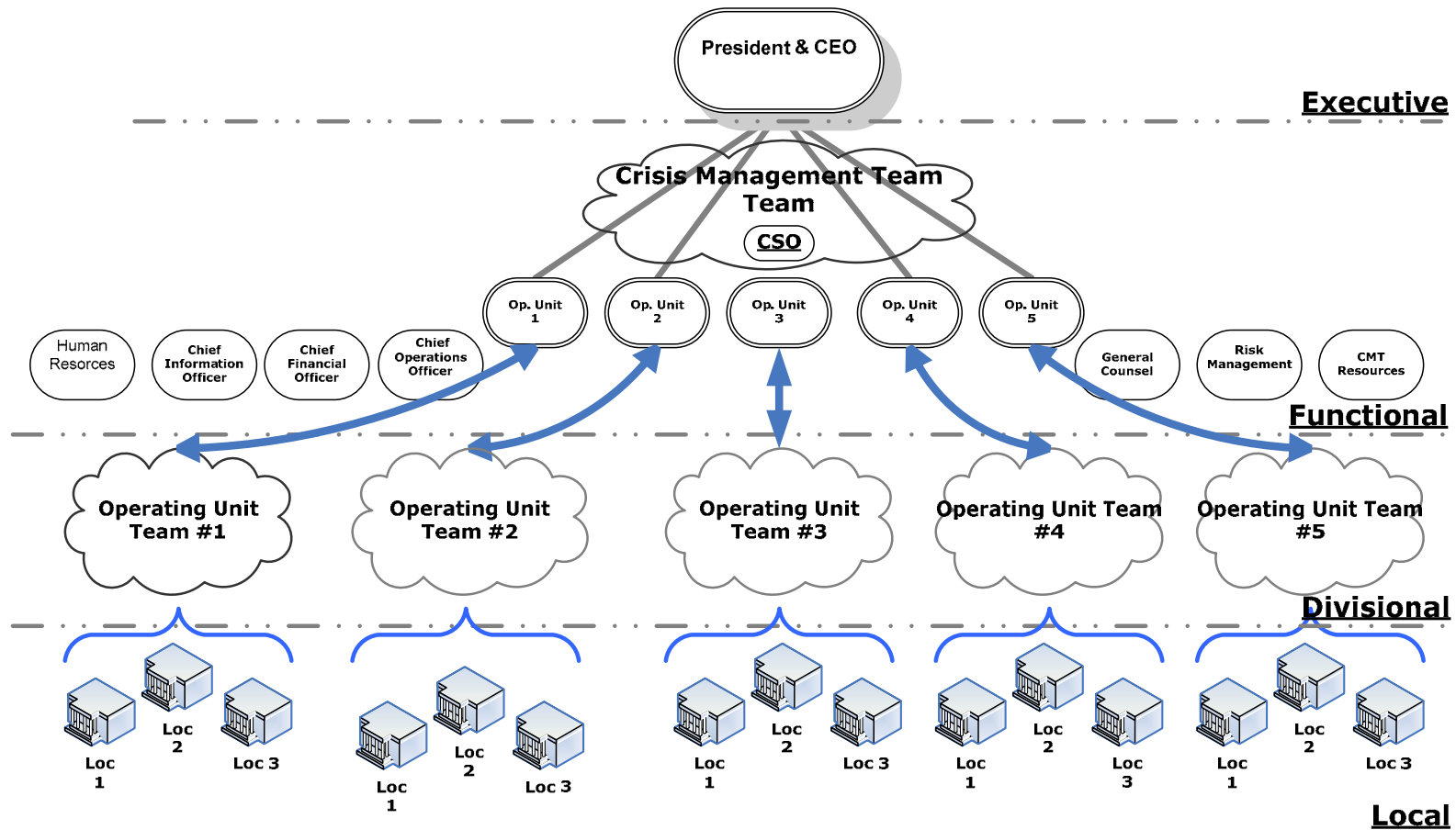


# Crisis Management Structure

- ▲ **At the Top: President/CEO**
  - ▲ Primary decision maker
  - ▲ Ultimately responsible for organization
  - ▲ Reports to the Board of Directors
- ▲ **Crisis Management Team**
  - ▲ Senior most executives in the company
  - ▲ Provides President/CEO with advise, counsel, analysis and recommendations
  - ▲ Single voice with multiple means of communicating (vertically & laterally)
- ▲ **Operating Unit Teams**
  - ▲ Scaled down versions of the Crisis Management Team
  - ▲ Each major Operating unit has one to support Operating Unit Executive
- ▲ **Local Teams**
  - ▲ Implementation teams
  - ▲ Support local executive & community

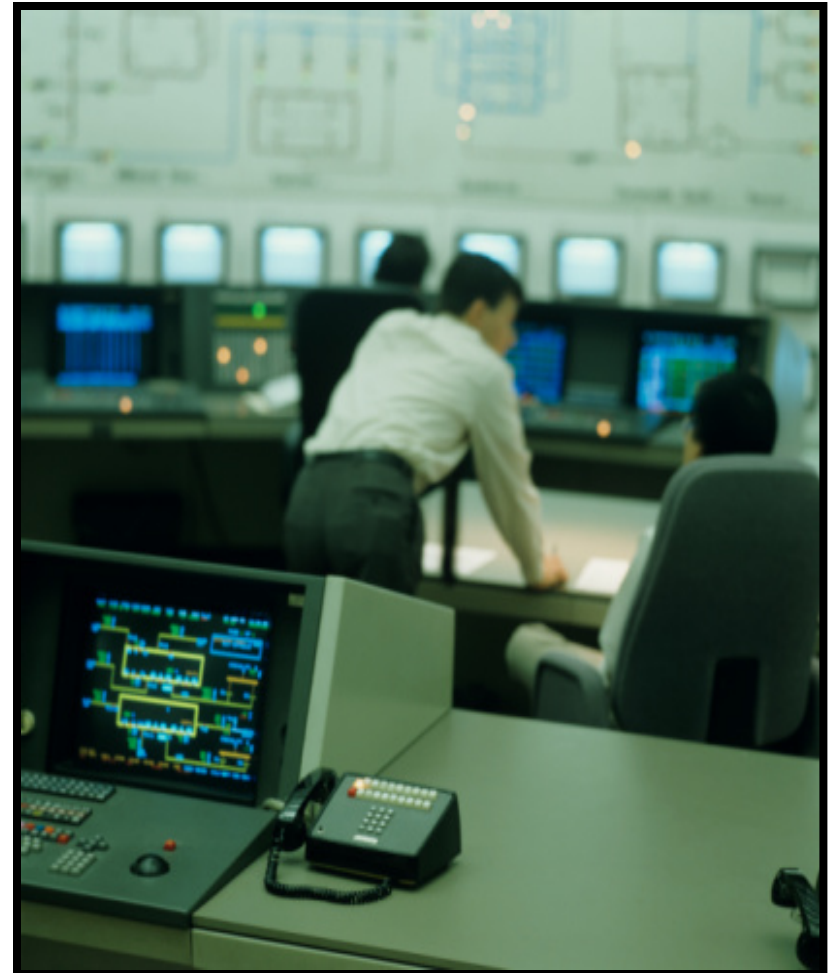


# Crisis Management Structure



# Operating Unit Team's

- ▲ Crisis Management Team concept should be saleable
- ▲ Each Operating Unit will have a team to support the individual executive with crisis management
- ▲ The roles of these teams is to support the executive in much the same way as the Crisis Management Team supports the President/Chief Executive Officer
  - ▲ Tone and character of the individual teams to be set by the Team Executive
- ▲ Individual Operating Unit Executives sit as Chair's of their own Team's and are members of the Crisis Management Team



# Local Teams

- ▲ Even more scaled down version of the Crisis Management Team concept
- ▲ Designed to support the needs of the local executives requirements
- ▲ Primary roles & responsibilities
  - ▲ Providing on the ground support during emerging crisis
  - ▲ Implementation of Operating Unit and CMT initiatives
  - ▲ Source for time sensitive information on an evolving issue, crisis or emergency
- ▲ Local executive chairs the effort; while at the same time acts as the interface to the Operating Unit Team
- ▲ Coordinate local emergency response efforts
- ▲ Communicate crisis related information both vertically to leadership and horizontally to the campus students, staff & extended community members
- ▲ Act as a local assessment team for the Subsidiary and Alpha Teams
- ▲ Fully defined within the Emergency Response Framework

# Incident Classification & Escalation

▲ Crises rarely occur out of ‘nothingness’; often times they begin as a minor or inconsequential Incident and evolve into Crisis

## ▲ Crisis Classification:

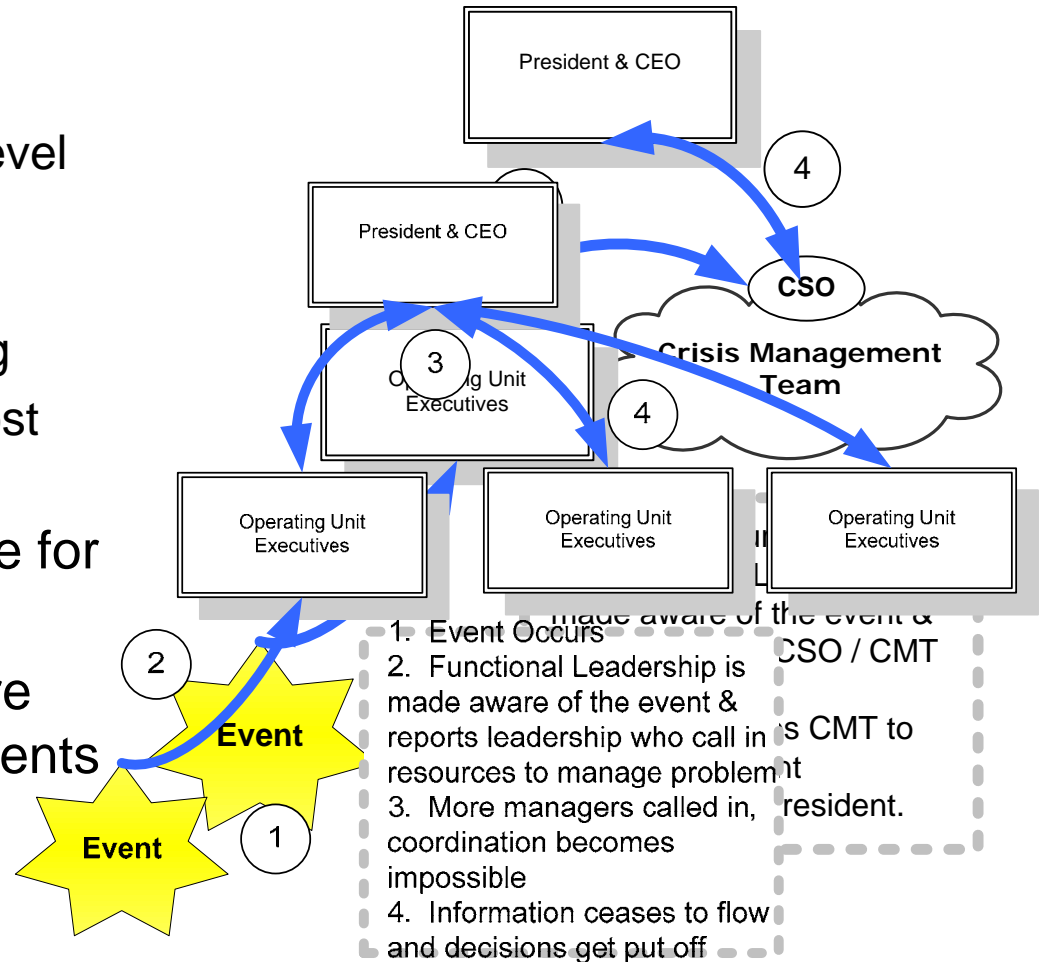
- ▲ Minor - minimal disruption that does not pose a serious threat to organizational members, facilities, operations or reputation
- ▲ Intermediate - more involved event that results in a localized disruption to operations or may pose a limited threat to the well-being of organizational members
- ▲ Significant - potentially or actually results in the loss of life of organizational members, material damage to facilities, and/or negative impact to the reputation

| Incident Classification                                 |                                                                                                                                                                                                                               |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                            |                                                                                                                                                                                                        |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category                                                | Minor                                                                                                                                                                                                                         | Intermediate                                                                                                                                                                                                                             | Significant                                                                                                                                                                                                                                |                                                                                                                                                                                                        |
| Areas of Impact                                         | Community, Employee Life & Well Being                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Negligible potential for loss of life or impact on community well-being.</li> </ul>                                                                                                               | <ul style="list-style-type: none"> <li>Potential for loss of life or significant impact on student, employee wellbeing</li> <li>Negative impact to the well-being of a limited number of students and/or employees.</li> </ul>             | <ul style="list-style-type: none"> <li>Actual loss of life or probable loss of life without incident management</li> <li>Negative impact to the well-being of a significant number of staff</li> </ul> |
| Corporate Locations, Retail Operations & Physical Plant | <ul style="list-style-type: none"> <li>Non-material loss* of property, or damage to facilities; minimal or no disruption to operations.</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>Localized or limited loss of property, damage to facilities, or limited duration disruption to operations</li> </ul>                                                                              | <ul style="list-style-type: none"> <li>Major disruption affecting a retail or functional headquarters</li> <li>The potential for or actual level of loss is significant</li> <li>Material loss of sensitive or controlled data.</li> </ul> |                                                                                                                                                                                                        |
| Reputation                                              | <ul style="list-style-type: none"> <li>Non-media event with little or no potential to garner media attention or affect reputation</li> </ul>                                                                                  | <ul style="list-style-type: none"> <li>Potential media event</li> <li>Event that would generate negative analyst or client response</li> <li>Event w/limited legal impact affecting reputation or that may involve regulators</li> </ul> | <ul style="list-style-type: none"> <li>Major (or potential to become a major) media event that adversely affects reputation</li> <li>Event with serious legal impact affecting reputation or involving major regulatory matters</li> </ul> |                                                                                                                                                                                                        |
| Escalation Model                                        | <b>Primacy</b><br>Operational Mgmt Alert & Notification<br>Operating Unit CMT                                                                                                                                                 | <b>Primacy</b><br>Operating Unit CMT Alert & Notification<br>Crisis Mgmt. team                                                                                                                                                           | <b>Primacy</b><br>CMT Team Alert & Notification Board                                                                                                                                                                                      |                                                                                                                                                                                                        |
| Examples                                                | <ul style="list-style-type: none"> <li>Minor auto accident</li> <li>Office break-in</li> <li>Routine termination</li> <li>Routine weather emergency</li> <li>Tropical Storm Warning</li> <li>Fire alarm activation</li> </ul> | <ul style="list-style-type: none"> <li>Bomb scare</li> <li>Hurricane warning</li> <li>Life threatening accident involving a employee</li> <li>Emergency evacuation</li> </ul>                                                            | <ul style="list-style-type: none"> <li>Hurricane strike</li> <li>Significant data/IT loss or interruption</li> <li>Airplane crash involving student</li> <li>Regulatory shut down of ops.</li> <li>Public health emergency</li> </ul>      |                                                                                                                                                                                                        |

# Incident Escalation

## ▲ Executive Escalation Model

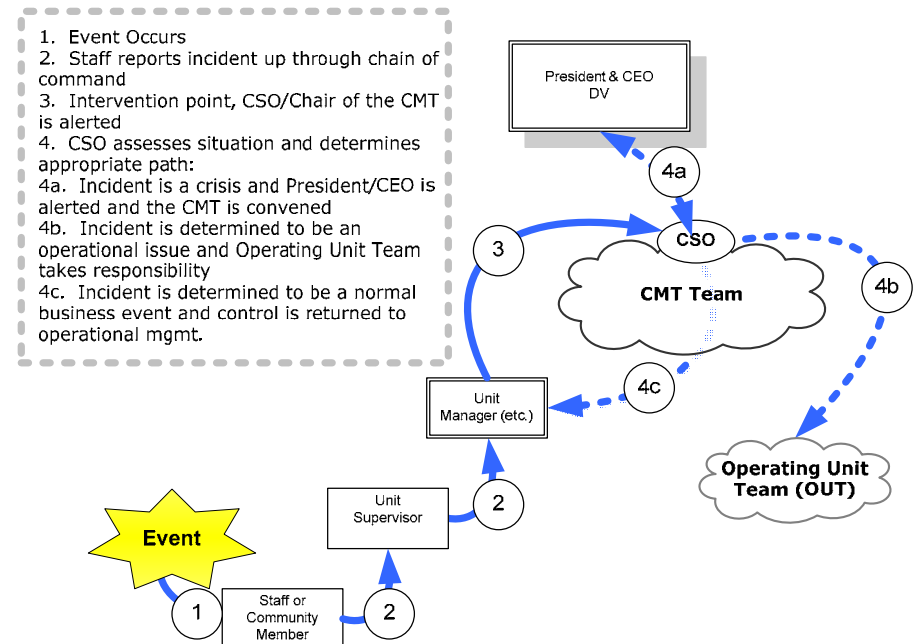
- ▲ Characterized by Executive level intervention
  - ▲ Easiest model to plan
  - ▲ Requires minimal training
  - ▲ Currently exists within most operating environments
- ▲ Provides for rapid response for easy to identify issues
- ▲ Does not work well for more complicated or subtle incidents that start out small



# Incident Escalation

## ▲ Operational Escalation Model

- ▲ Characterized by management intervention
  - ▲ More challenging model that requires well trained personnel
  - ▲ Management plays a crucial role in identifying potential crisis & alerting appropriate teams
  - ▲ Chairs play critical role in acting as team gate keepers.
- ▲ Provides for more rapid response for harder to identify issues that might evolve into crisis.



# QUESTIONS?

## Crisis & Crisis Management

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