



How Events Mess Up Your Business

A RAH Technology White Paper

One of the Series of White Papers on
Business Continuity and Disaster Recovery

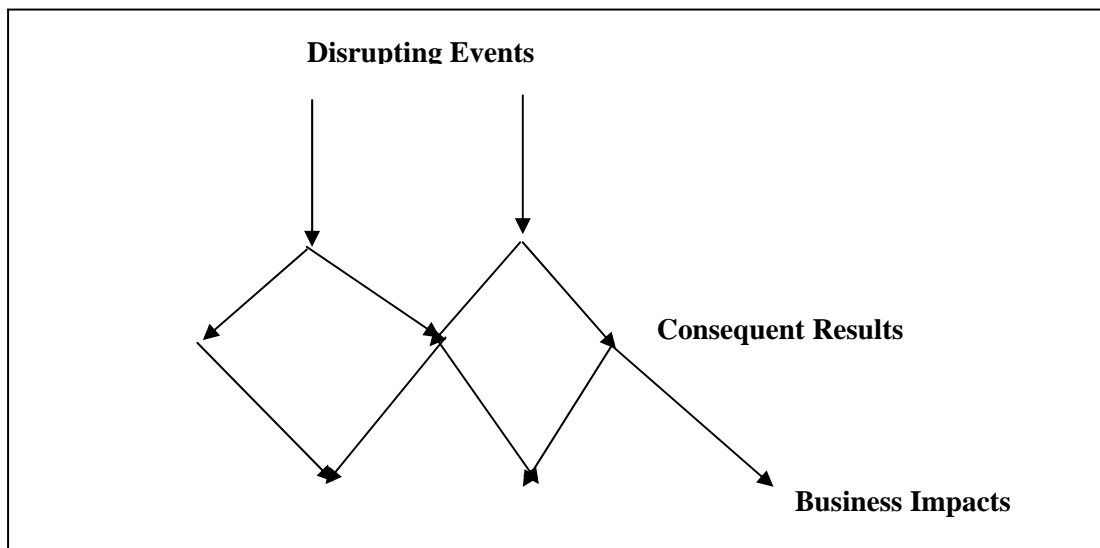
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In the first paper in this series, *What Is a Disaster?*, we explored the difference between bad events that should be considered disasters to your business and bad events that should not. In this white paper, we explore the chain of occurrences that lead from the bad event to the business disaster itself. This chain of causality is not always self-evident and a good understanding of it goes a long way towards helping build an effective Business Continuity Plan. Within the Business Continuity Planning process, analysis of the chain of causality often goes by the name of Business Risk Analysis, a term that lends the step some scientific cache and a seeming level of certitude, often much more than is justified or required.

When something happens, it is not a disaster until it affects your business in a certain way, that is, until it disrupts the business to a level that cannot be managed using normal business processes. Sometimes this affect is direct, sometimes through a chain of secondary occurrences. The chain of events can be summarized as follows:

- **Disrupting event**
Something bad happens, suddenly and outside your immediate control
- **Consequent results**
The something disrupts your normal business processes
- **Business Impacts**
The disruption has a negative impacts, or potential negative impacts, on your business

The causal chain is illustrated in the following figure:





For the sake of giving some structure to the process, disrupting events are often categorized broadly as

- Natural disasters (earthquake, flood, hurricane, landslide, snow storm, ...)
- Infrastructure failures (power failure, fire, HVAC failure,)
- Enterprise failures (server crash, voice communications failure, datacomm failure,....)
- Human caused (terrorism, biohazard, strike/civil unrest,...)

Any one of these disrupting events, by itself, does not constitute a disaster. A sudden snowstorm may have little impact on your ability to do business if your business is providing videogames that are downloaded from the Internet. Indeed, a snowstorm may help business, since people may be trapped at home with little to do.

But woe to you if you own an amusement park. Not only your customers, but also your employees, will have difficulty getting to the park. The only solution may be to close down for the duration and suffer serious revenue loss. Possibly the loss may be mitigated by insurance, if such a disaster has been planned for.

To follow the chain of causality, a snowstorm's most typical consequent result is disruption of transportation, which leads to the inability of your customers and your employees to travel to your locations. This leads to direct loss of revenue, since no customers can buy or you cannot sell to or service your customers.

But snowstorms can have other consequent results. A roof may collapse because of the weight of the snow; a truck may roll off the highway destroying precious equipment; sudden melting may cause flash floods. These consequent results may lead to other business impacts: the loss of a facility; the loss of key equipment or personnel; the loss or damage of significant records. A single disrupting event may then lead to many business impacts.

Conversely, a consequent result may be caused by a number of disrupting events. Inability to get to a location may be due to flood, snowstorm, earthquake, strikes, civil unrest, and biohazard, among many others. The business impact is the same: loss of revenue due to inability to service customers.

From this complex mesh, it would appear that in pursuing a Business Risk Analysis, the number of causality paths to explore might be overwhelmingly large. Every path would seemingly need to be explored. While this is indeed a risk, depending on the environment of the business, it is mitigated by the fact that only a few bottom line results and business impacts usually matter. These bottom line business impacts are typically:



- Loss of revenue
 - Current revenue
 - You cannot sell your service to your customers
 - Customers are entitled to rebates on the service during the disaster
 - Future revenue
 - Current customers move to other suppliers
 - Future customers choose your competitors
 - You delay deployment of new services
- Increase expenses
 - Current expenses
 - Interim extras for temporary employees, equipment, space, travel, etc.
 - Productivity losses (overburdened/traumatized staff)
 - Future expenses
 - Extra insurance
 - Litigation

The consequent results that lead to these business impacts are also often limited in number. Again, depending on the environment and business, these typically include:

- Work location rendered unavailable
- Key people rendered unavailable
- Key equipment or supplies rendered unavailable
- Key communications method rendered unavailable
- Key information rendered unavailable

From this we can see that for many causal chains the disrupting events, although they loom large in the psychology of the disaster, may be of secondary importance in the heart of Business Continuity Planning. The key components to analyze are the consequent results and their business impacts:

- How do we protect or recover our key work locations?
- Which employees are significant to keeping the business going on a day-to-day basis and how do we back them up?
- What equipment or supplies are key to the business and how do we ensure their survivability and quick restoration?
- How do we communicate and how do we keep the communications alive during a disaster?
- What key information do we operate on and how do we get to that information in a disaster to keep business going?

The end of the causal chain, from the consequent results to the business impacts, is the heart of Business Risk Analysis. While the analysis must start with the whole array of



possible disrupting events, the essence of the matter is to converge quickly on the consequent results. From the consequent results, the risks can most efficiently be assessed, for the large number of disrupting events usually leads to the same or similar consequent results.

About RAH Technology

RAH Technology provides telecom and IT solutions to service providers, enterprises and healthcare providers, with a focus on Voice over IP, WiFi, Security and Operations. RAH Technology provides a fresh approach for its customers, zeroing in on their major business benefits and ignoring hype, bloat and smokescreens. We help our clients cut through the complexity of technology, operations and systems and maximize their value.