

Managing the Unexpected





We Know We Have Been Successful If...



News Flash – It's Not Getting Easier!



How Does One Cope?



Strategies For Winning

- Lower prices – can you sustain this?
- Better service – does this differentiate you?
- Offer more – is this what clients want?
- Increased value – this works, but how to do it?

Asked Another Way

Can you offer your clients something that:

- Clients will recognize?
- They would value?
- Is difficult for the competition to match?
- Doesn't cost "too much?"

One Possible Answer – Resiliency!

Resiliency is the characteristic of an organization that lets it be:

- Predictable: clients *know* what to expect
- Reliable: clients know they can count on you
- Robust: even in extreme cases, you will be there for them (and yourself!)

Where To Begin?



Let's Talk About Risk



Risk Management

- Risk Avoidance
- Risk Mitigation
- Risk Transfer
- Risk Acceptance



Risk Avoidance

- Very different from risk ignoring
 - Decide to consciously avoid certain behaviors
- Example: Nigerian Oil Deal
- Example: Avoid expansion

Risk Mitigation/Reduction



Alternate Worksite

Power Backup



Risk Transfer

Outsourcing



Insurance



Risk Acceptance



There Are Downsides



Discussed, but not well understood
: Supply Chain Disruption

Contingent Business Interruption

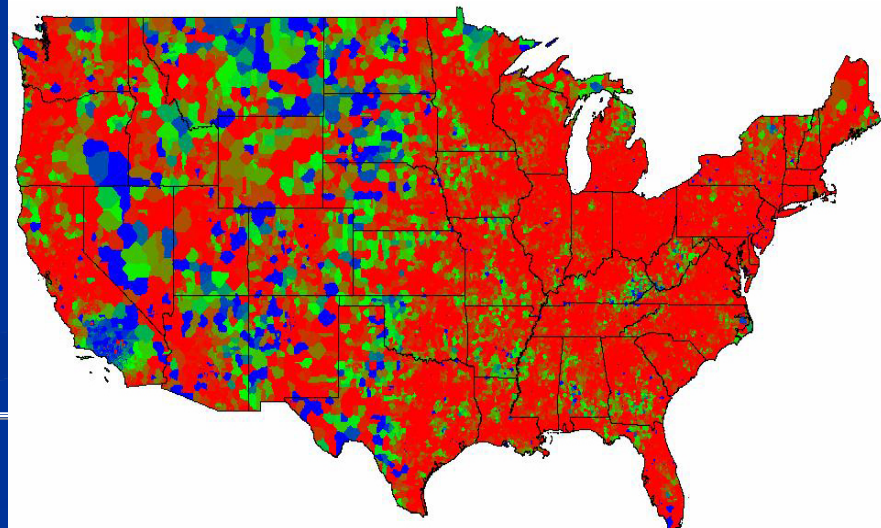
What about your clients?

New Areas of Investigation
: Epidemic/ Pandemic Disruption
: No offerings in this area – *yet!*

Legend

The spatiotemporal dynamics of the prevalence (number of symptomatic cases at any point in time), is shown on a logarithmic color scale, from 1 or fewer (blue) to 100 or more (red) cases per 1,000 persons.

Day 90



What If...?

- Some/most of your staff was unavailable?
- Your facility not operational?
- The government was imposing significant fines?
- Technology failed?

The Unexpected Happened?

How would you cope?

February 2003



A Transportation Company

- NE Division of a \$1.5 Billion (US) Company
- New York Stock Exchange listed
- Deliver specialty gas products
- Clients include:
 - Hospitals
 - Manufacturing
 - Food Preparation
 - Retail
 - Many others



Phone Call At 8:30 PM

- Experienced driver
- Lost both legs
- Police & Fire onsite
- Carol was contact



First Reaction!

**“What Should
I Do?”**

Action Plan – Part 1

Notify the management team, especially Operations

Contact the victim's family

Send an executive to the hospital

Have an executive at the accident scene

Prepare a statement for Investor Relations

Prepare a Media Briefing Center for TV, Radio, and Newspapers

Call a Press Conference

Retrieve training and maintenance records

Issue a warning to all other drivers to check their equipment

Begin inspecting all other trucks and storage tanks

Action Plan: Part 2

Identify customers that are impacted by the event

Locate an alternative source of “product” (competitors?) for at least 1 week

Find trucks equipped to deliver (outsource to competitors?), also for 1 week

Match drivers with the proper licensees to trucks and product (Workload!)

Equip drivers with delivery instructions and dispatch them to their routes

Contact customers and notify them of any delivery changes (re-prioritize)

Send in a Damage Assessment Team after the police release the site

Secure the location against vandalism and unauthorized visitors

Contact insurance company and legal council

Issue a statement to employees and other stakeholders

All By The Morning



How Ready Would You Be?



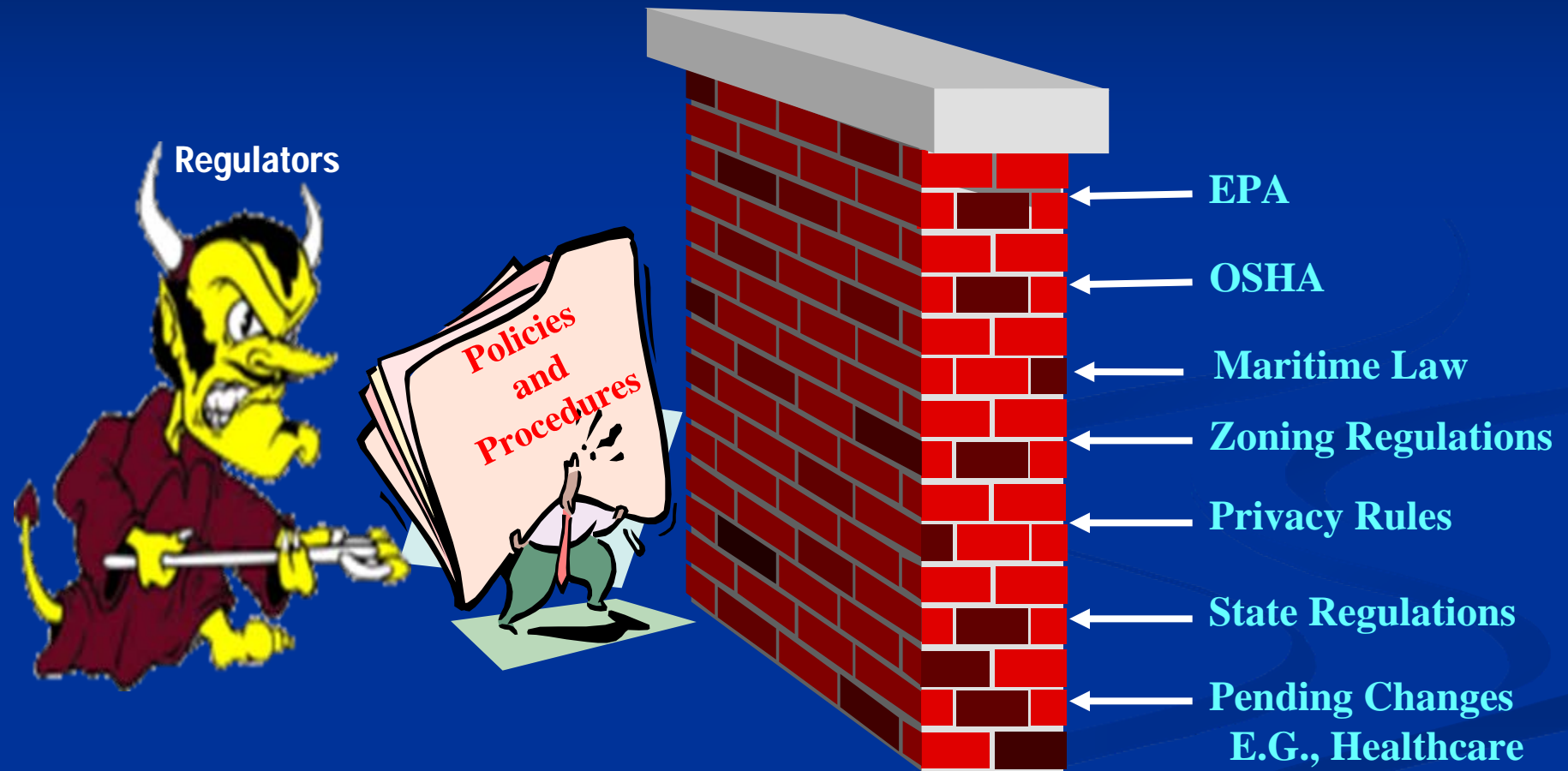
Dealing With Executives



5 Executive Topics

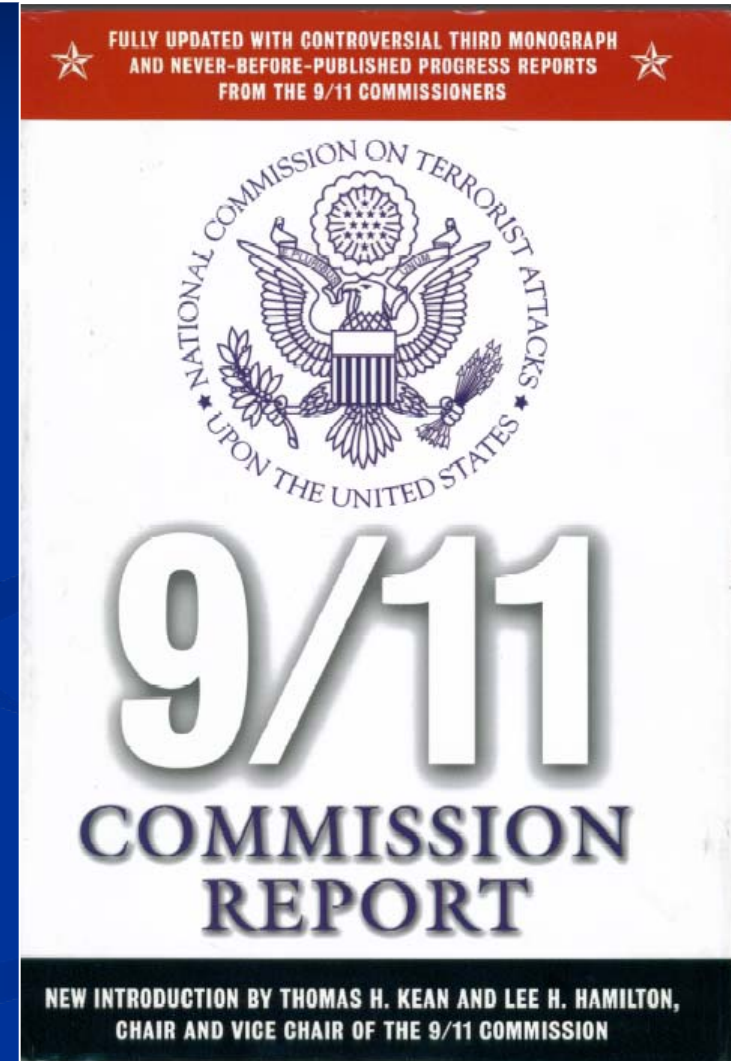
- Compliance
- Governance
- Liability
- Valuation
- Supply Chain

Compliance



Compliance Is Now The Law!

- Public Law 110-53 Title IX
(PS – Prep)
- The 9/11 Commission's Recommendations
- Congressional Leadership
“pushed” this through
- Likely to get attention in 2010
 - New White House Directorate!



Governance



Governance

■ One of the “hottest” topics – GRC

- Governance, Risk, Compliance
- \$52B growing to \$70B by 2012 (Forrester Report)

■ Focus on regulations and requirements

■ Current financial meltdown isn't helping!

- Regulators audited Madoff!

The screenshot shows a Google search results page for the query "Governance Risk Compliance Market". The search bar at the top displays the query and the "Search" button. Below the search bar, the results are listed. The first result is from Financial Week, dated April 28, 2008, titled "Risk software bulks up for bulging compliance market". The second result is from Wikipedia, titled "Governance, Risk Management, and Compliance". The third result is from CA, dated June 9, 2008, titled "CA Builds Momentum in Governance, Risk and Compliance Market with ...". The fourth result is from Agilance, dated June 9, 2008, titled "Agilance Accelerates Momentum in the Governance, Risk and ...". The fifth result is from FSN, dated March 19, 2007, titled "FSN: Cartesis enters financial governance, risk and compliance ...". The sixth result is from Burton Group, dated March 19, 2007, titled "Burton Group Products for Managing Governance, Risk, and ...". The seventh result is from Deloitte and SAP, dated March 19, 2007, titled "Deloitte and SAP target governance, risk and ...". The number of results is displayed as "Results 1 - 10 of about 302,000 for Governance Risk Compliance Market (0.14 seconds)". The number "302,000" is circled in red, and the word "hits" is written in blue next to it.

302,000 “hits”

Liability



“Pop Quiz”

Who will decide if...

- ... you have a quality business continuity plan?
- ... you trained your fellow employees adequately?
- ... you met the “standard of care?”
- ... you have any **liability**?

A. The Shareholders?

B. The Board of Directors?

C. The Regulators?

Answer “D”



Liability For...



Unwanted Visitors



Unhappy Employees



What Would Your Employees Do?



5th Issue - Business Chains







Entranc



34,000 associates impacted

173 facilities impacted

Over 120 facilities damaged

Unprecedented population shift

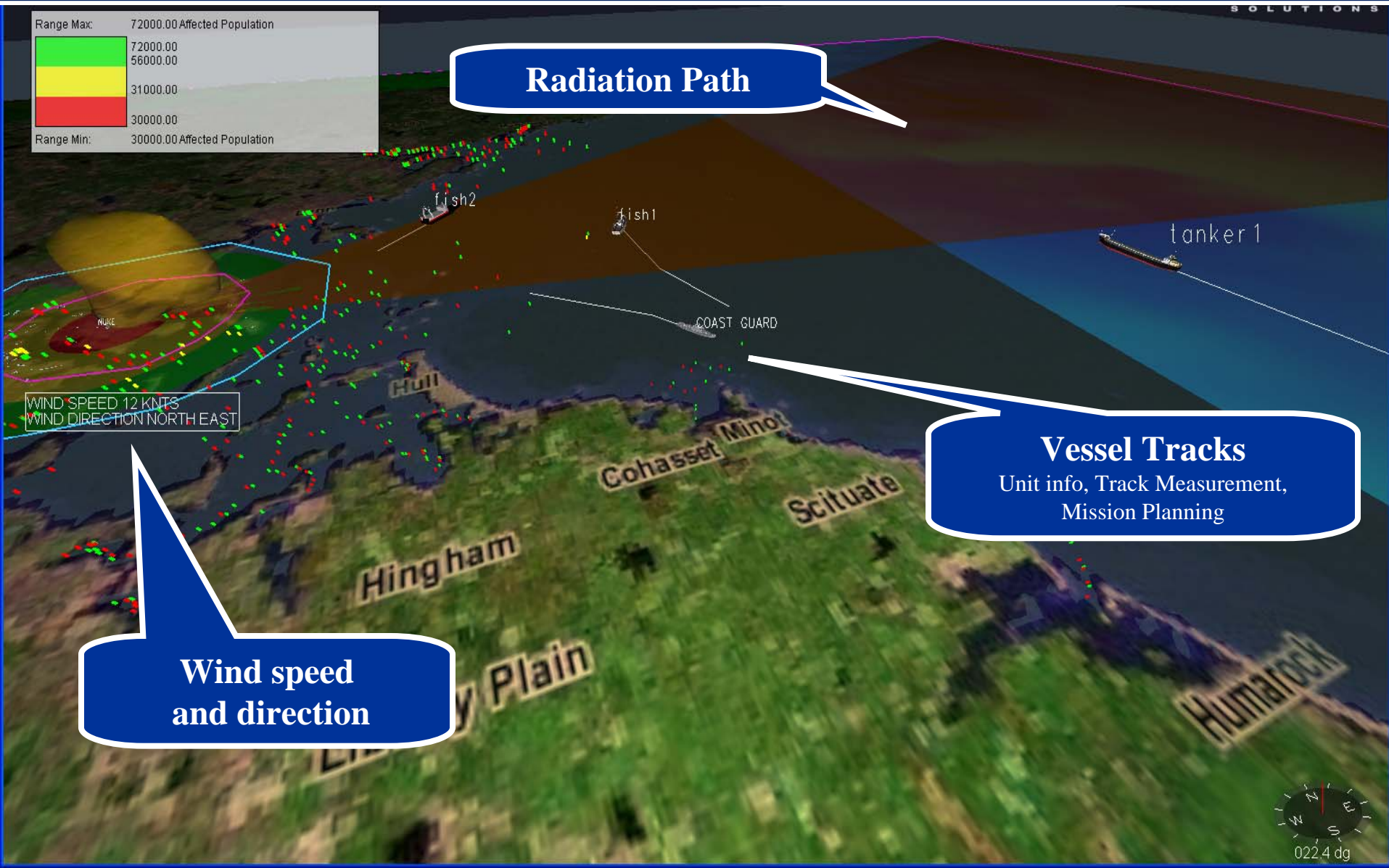
Dangers Beyond Our Control



Suitcase “Nuke” At Logan



Interesting Effect



End On A Happy Note



Resiliency Planning Pays Off



Its All About The Unexpected!





Safe Boating

