

How to apply the 10 BCP best practices to Treasury

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Agenda

- Background
- Disaster Recovery Institute International 10 Professional Practices
- How can your Financial Institutions help you
- Products, services and alternatives
- Appendix

What is Business Continuity Planning?

Business Continuity Planning

BCP - is a method of documenting the steps each business will follow in order to recover its functionality in the event of a disaster

Why do we plan?

Why does a company plan?

Businesses are susceptible to disruption which could be caused from natural or man-made disaster. As a result we need to have complete, current and viable business continuity plans.

Why do we plan in Treasury?

One critical function of treasury groups is protecting their organizations by formulating effective risk reduction strategies and recovery plans.

Your treasury functions are a vital part of everyday business. If your regular systems and processes were suddenly unavailable, how would you access your funds and maintain cash flow? How would you pay for emergency supplies, or even continue employee payroll?

Business Continuity Planning benefits

A summary by Continuity Central March 2012 *

- Having a business continuity plan in place will keep a business trading when it would have probably failed due to an incident.
- Business continuity plans can significantly reduce the cost of disruptions.
- Companies with business continuity plans benefit from insurance premium discounts, reduced excesses and doors opening to new insurance markets.
- Having a business continuity plan allows what would otherwise be unacceptable risks to be insured.

* Site address provided in Appendix

Top three threats to business continuity in 2013:

- Unplanned IT and telecom outages
- Data breach
- Cyber attack

Horizon Scan 2013, Business Continuity Institute



You plan for the loss of a facility

- Building closures
- Power outages
- Commute issues
- Civil unrest



You plan for the loss of critical systems

- Unexpected system outages
- Connectivity issues
- Cyber attack



You plan for significant reduction of staff

- Pandemic
- Bio-terrorism

April 2009 – August 2010

Pandemic H1N1

3,433 deaths in the US

Centers for Disease Control and Prevention

You plan for extreme weather

- 3 million residents lost power during NE storm West Virginia to Maine (Oct 29 – 31)
- 1 million acres burned across TX during wildfires
- \$3 billion potential cost to rebuild Joplin, MO (tornado)

NOAA Extreme Weather 2011



25% of all businesses that close
due to a disaster never reopen

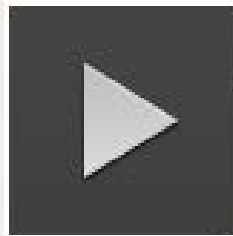
Institute of Business and Home Safety



Treasury Insights

Business Continuity: Real World Perspectives

Jon Wells,
Director, Banking and
Cash Management Operations,
Allstate Insurance



<https://treasuryinsights.wellsfargotreasury.com/?elqPURLPage=1607&hs=bcpvid&ma=tm2640&wid=WVLP101168>

**Business continuity planning takes effort and
requires preparation**

Disaster Recovery Institute International *

10 professional practices

1. Program initiation and management
2. Risk evaluation and control
3. Business impact analysis
4. Business continuity strategies
5. Emergency response and operations
6. Business continuity plans
7. Awareness and training programs
8. BCP exercise, audit and maintenance
9. Crisis communications
10. Coordination with external agencies

1. Program initiation and management

- Commit to creating a program, including management support
- Integrate your program with your risk management initiatives

2. Risk evaluation and control

- Determine the events that could impact/disrupt your Treasury functions.
- Determine controls needed to prevent or minimize the impact and potential loss.

3. Business impact analysis

Conduct a Business Impact Analysis BIA for every process and function to determine their criticality.

- Who is impacted if this function cannot be performed?
- What are the critical systems used to perform this function?
- Are there any legal fees or regulatory penalties?
- What is the reputational impact for this process being missed?
- Rate your functions Critical, Important, or Deferrable
- Determine the Recovery Time Objectives (RTOs) for each function

4. Developing business continuity management strategies

Determine your recovery strategies for each of your functions

- Loss of facility
- Loss of critical systems
- Significant reduction of staff/human capital
- Deferrable functions could be suspended. Determine appropriate suspension period.

5. Emergency response and operations

- Develop a process that addresses how you will respond to life safety emergency situations, or engage yourself with the process that exists in your company.
- Have your team members learn about individual preparedness and provide them resources to become individually prepared, so they are quickly available to support work recovery needs.

6. Develop and implement your business continuity plan

- Document realistic recovery procedures that will meet your recovery time objectives
- Keep in mind the recovery time objectives of your critical systems (including those you access through your Financial Institution) may impact your own recovery
- Have detailed, but concise and to the point, current plans.
- Summarize quick start information in the beginning of the plan – a Quick Reference Guide
- Distribute the BCP to your recovery team

7. Awareness and training

Once appropriate recovery procedures are documented, training is critical

- Conduct scenario based training, first a table-top, then a simulation
- Ensure 100% training of all recovery team members
- Rotate your test participants to avoid having just the one or two Subject Matter Experts know everything.

8. Exercise and maintenance

Create a schedule of maintenance tasks

- Incorporate effective change control
- Include tasks that keep your plans current and viable
 - Validate contents, distributions, risk assessments, BIA, RTO/RPO (Recovery Point Objective) reviews

Create a schedule of plan exercises

- Annual table-top
- Annual simulation

9. Crisis communication

- Have a process in place that addresses communication
- Messages need to be consistent, clear and accurate

10. Coordination with external agencies

- American Red Cross offers the Ready Rating program and free individual preparedness training
- Coordinate with your building management
- Get Connected
 - Many free regional/local summits
 - Free subscriptions, associations, social networks
- Collaborate with Financial Institutions

Where do I start?

Begin today

Conduct your BIA

- What are the functions that must continue daily?
- Have manual workarounds been established?
- What can be suspended?

Which of your critical functions are supported by your Financial Institution's products or services?

- Meet with your relationship teams to establish alternate delivery of these products/services

How can your Financial Institutions
help you?

Planning with your financial institution

Schedule an annual review with your relationship team

- Update contact information, team and operational areas
- Review your products and services and determine if you can establish alternative processes
- Go Mobile – leverage all mobile platforms
- What can you do outside corporate firewalls?

Products, services, and alternatives

What you should ask your financial institution

Access to your money

- What are their solutions for transportation disruptions?
- How will they disburse cash during incident response?
- What happens if their Client Services area experiences a disruption?
- Will ATMs be available during emergencies?
- What are your alternatives to make deposits or withdrawals?
- What alternatives does your financial institution offer for payroll?

What you should ask your financial institution

Product, services and alternatives

- What happens if the products and services you rely on are not available because your financial institution is experiencing a business disruption, or you are experiencing a business disruption?
- How else will you make deposits?
- How will you pay your vendors and employees?
- Does your financial institution offer mobile solutions?
- Are you implemented in alternatives for the service that are critical to your process? Do you test your alternative at least once a year?

What you should do...

- Business continuity, including financial resiliency, requires prior preparation. Plan ahead.
- Determine your needs and work with your relationship team to review your banking selections to put alternatives in place.
- Test with your financial institution where appropriate.
- Authorize multiple people to conduct critical banking processes.
- Carry your second-level credentials with you always
 - i.e. security key fobs
- Document all your banking contact information and add that to your BCPs.
- Elect to become more mobile.

Helping you plan

- Remember BCP requires preparation, effort and follow-through.
- Discuss your financial recovery solutions and the communication plan with your financial institution's relationship team.
- Document the alternatives you elect for your critical products and services. Test your alternatives.
- Partner internally. Work with others on your team.

For Podcast, Webinar and articles on this topic visit us at newapproach.wellsfargotreasury.com, Reducing Risk

Thank you

Appendix

Industry sites resources and to stay connected

- newapproach.wellsfargotreasury.com, Reducing Risk
- 72hours.org
- acp-international.com
- citizencorps.gov/cert
- continuitycentral.com
- continuityinsights.com
- drii.org
- drhradio.net
- drj.com
- fema.gov
- nhc.noaa.gov (National Hurricane Center)
- ready.gov
- LinkedIn and Facebook have many groups to join
- Search “emergency”, “contingency”, “continuity”, or “preparedness”

Pertinent Industry Forums

- ACP – Association of Contingency Planners
- CPM – Contingency Planning & Management
- DRJ – Disaster Recovery Journal
- DRII – Disaster Recovery Institute International
- Continuity Insights
- World Conference on Disaster Management