



Can
your organization
SURVIVE a *Disaster*



EXECUTIVE SUMMARY

Exploring Telework
as a **Business Continuity**
Strategy

A Guide to Getting Started



It's impossible to know when disaster will strike.

From calamities like hurricanes or terror actions to seemingly minor events like sudden ice storms or traffic tie-ups, the risk of sudden disruptions needs to be managed to mitigate the impact the event has on an organization. That is the essence of business continuity (BC) planning – ensuring an organization has contingencies in place that allow it to stay up and running and quickly recover from a disaster.

BC planning – which often focuses just on corporate infrastructure – also needs to take into account the human factor: how can an organization's employees maintain productivity when faced with disaster-related interruptions? The answer may lie in the increased use of a mobile workforce. Yet there has been little knowledge available on how to develop and execute effective BC plans that incorporate the use of telework.

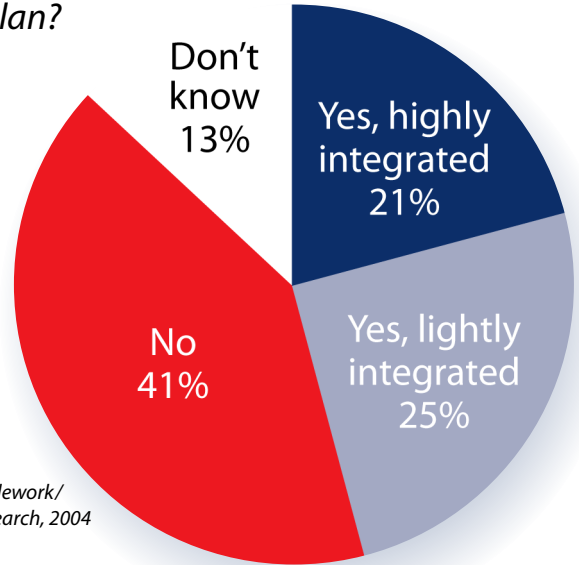
To redress this situation, ITAC (the Telework Advisory Group for WorldatWork) last year launched the Telework/Business Continuity Project, a groundbreaking study exploring telework as a business continuity strategy. The project, a Telework America™ initiative sponsored by the AT&T Foundation and Cisco Systems, developed a detailed guide to help organizations of all types better survive business interruptions.

Bredin Business Information (BBI), a Cambridge, Mass.-based consultancy, was retained to complete the study. In the fall of 2004, BBI researchers talked with representatives from many organizations to gain a deeper understanding of the current thinking on telework and business continuity. Enterprises interviewed included AT&T, Cisco Systems, Deloitte, Eli Lilly and Company, Hewlett Packard, IBM, Intel, JPMorgan Chase, Kaiser Permanente, Lehman Brothers, and MasterCard. Federal agencies and departments participating included OPM, HUD, Homeland Security, Justice, Defense, Agriculture, Education, State, Interior and Treasury.

Question:

Does your organization use telework as part of a BC/COOP plan?

Just less than half of the organizations contacted included telework in their business continuity plans – 21 percent indicated that telework was highly integrated with their BC plans and 25 percent noted that telework and BC were lightly integrated. 41 percent of responding organizations were not integrated at all and 13 percent were unsure of their telework/BC plans.



Source:
ITAC Telework/
BC Research, 2004

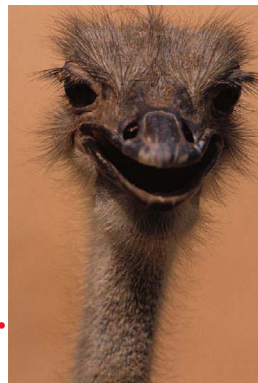
The need for action

An organization's ability to maintain normal operations during a major disaster can mean the difference between business success and failure. A wide variety of events can trigger a disaster response. A traffic tie-up on the Interstate, a toxic spill, a snowstorm or an earthquake could cause an organization to take disaster precautions. Something as simple as a broken water main or a backhoe operator cutting a communications cable can also have serious consequences on many businesses. As the risk of disaster increases and the magnitude of various events grows, the need to plan for those events increases as well.

Why business continuity should be a priority

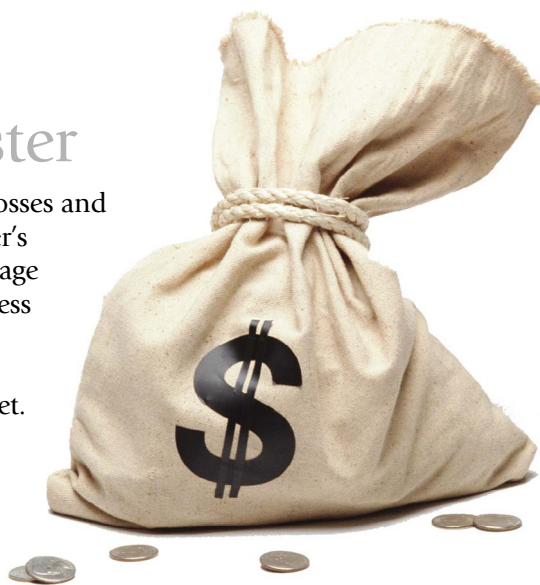
Business continuity planning, also called continuity of operations planning (COOP, the federal government terminology for BC), allows organizations to take a proactive approach to protecting the enterprise against threats to facilities, employees, and other assets. BCP helps organizations respond to events so that critical business functions continue with minimum interruption.

Many organizations take an ostrich approach when thinking about continuity, hoping that a disaster won't happen to them. But the odds are not in their favor. In 2004 alone, there were 68 major disasters in the U.S., seven emergency declarations and 43 fire-management assistance declarations – all requiring federal assistance.



The effects of a disaster

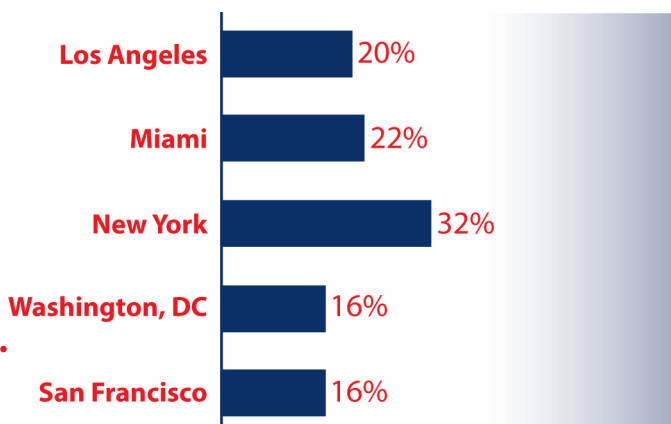
on business health are far-reaching. Revenue losses and diminished productivity lead the list of disaster's consequences. An unplanned closure can damage a company's reputation with customers, business partners, suppliers and shareholders. Missing contract deadlines can leave an organization open to litigation. Insurance costs can skyrocket. Recovery costs associated with new facilities, replacement equipment, temporary workers, or unplanned overtime can upset cash flow.



- One in five U.S. companies suffered a disaster that caused their organization to cease operations for a period of time, according to findings of a Partnership for Public Warning study commissioned by AT&T in 2004.
- The cost of downtime from a disruption can quickly wipe out profits. Among Fortune 1000 companies, the average loss per hour of downtime is \$78,000 and companies reported an average of 38 hours down per year, according to a study by market research firm Find/SVP.
- Fully 43 percent of companies hit by severe crises never open their doors again. Worse yet, the crises have a ripple effect, which causes another 29 percent to fail within two years.
- The potential business impact resulting from a disaster includes reduced employee productivity (62 percent), reduction in profits (40 percent) and damage to customer relationships (38 percent).

Question:

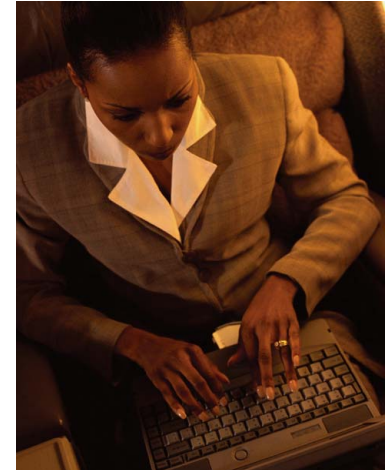
Has your organization ever suffered from a disaster that resulted in the business having to cease operations for a period of time?



Source: 2004 "Disaster Planning in the Private Sector: A Post-9/11 Look at the State of Business Continuity Planning in the U.S.," commissioned by AT&T and Partnership for Public Warning, conducted by Opinion Research Corporation.

While small and mid-sized businesses often have the most to lose in a disaster, they are also often the least prepared. According to a 2003 benchmarking study by KPMG, 42 percent of companies with fewer than 500 employees had no continuity plan; whereas more than 80 percent of companies with greater than 500 employees had business continuity plans.

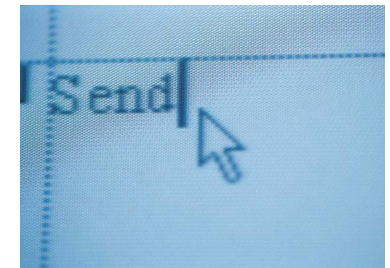
Why don't businesses have business continuity plans, in spite of the overwhelming data available about the risks of not planning for disaster? Research firm Digital Research polled 1,000 mid-sized to large businesses in February 2003 and learned that 48 percent of those with no plan didn't consider business continuity a high priority. Another 25 percent didn't think that a major disaster would happen to them.



Telework is critical for a successful business continuity plan

Traditionally, disaster recovery has been concerned with protecting information systems, with little or no attention paid to the people who use those systems. Few plans addressed the possibility of loss of workplace access or, worse yet, loss of workers. Sadly, 9/11 was a wake-up call for continuity planners. It became tragically apparent that continuity planning had to consider people issues. Increased threats of terrorism, infectious epidemics and workplace violence have forced organizations to reevaluate business continuity plans and include human factors in their deliberations. One of the results of this reevaluation was the realization that telework is a viable tool for dispersing a company's most valuable asset: its people.

A successful method for handling people issues in business continuity planning is to provide telework capabilities. Telework refers to people who work from anywhere. Examples of anywhere can include at home, at a client's office, in a satellite office or telework center or on the road such as a hotel, airport, or coffee house. Recent disasters such as hurricanes, power grid failures and terrorist acts are constant reminders of the need to anticipate business interruptions. By enabling work from remote locations, and especially home offices, telework is a compelling business continuity option.



According to ITAC's 2004 telework study, there were over 24 million teleworkers in the United States, representing nearly one in five workers in the American workforce. Already working from home or other remote sites, these people can form a core group that organizations can quickly mobilize in an emergency.

Business continuity experts often boil down potential emergencies into three main scenarios, namely:

- Loss of workspace
- Loss of technology
- Loss of staff

In each instance, telework helps to reduce the risk. For example, a teleworkforce, working from client offices, homes, or hotel lobbies, allows organizations to quickly disperse employees and set up instant offices from anywhere.

Advantages of using telework as part of a business continuity plan strategy

Remote work programs increase organizational flexibility and help companies rebound from crises more quickly. Telework helps organizations reduce recovery expenses and helps to boost competitive advantage. Best yet, through geographic dispersal of the workforce, it protects employees from potential harm.

- **Increased agility**
Enterprises with remote workers are more flexible, and this nimbleness allows them to quickly recover from unexpected emergencies.
- **Minimized disruption**
A dispersed workforce can help organizations minimize disruption following a major disaster or during extreme weather conditions.
- **Speedier rebound**
Organizations with distributed workers often can stay open during emergencies and, if they must close a facility, are able to recover faster.
- **Less revenue loss**
Shortened downtime translates into less lost revenue and improved customer responsiveness.
- **Distributed human capital**
Through geographic dispersal of the workforce, employees are kept out of harm's way.
- **Improved public health**
Remote work strategies reduce the chance of employees transmitting disease at the office and provide a safety net for organizations coping with bioterrorism threats.
- **Increased competitive advantage**
A strong continuity plan helps an organization position itself as a secure place to work and to conduct business and helps to allay partner worries about supply chain availability. Plus, using teleworkers enables an organization to provide ongoing customer support in emergency conditions.
- **Reduced continuity costs**
Telework can help business continuity departments offset recovery costs.

Why organizations use telework as a BC tool

Reason	Organization(s)
Diffuse risk Direct experience with severe disasters such as 9/11	Schering-Plough Deloitte, TIGTA
Enable employees to remain close to family during a crisis	Department of Defense, Department of Justice
Multiple locations provide a built-in backup structure	Schering-Plough
Organic outgrowth of remote work strategies	JPMorgan Chase, AT&T
Reduce reliance on transportation infrastructure	Pentagon
Speedy resumption of business operations	IBM, Cisco, Kaiser Permanente

Source: ITAC Telework/BC Research, 2004



Lessons learned

■ The telework advantage

Organizations that have remote work policies in place fare better in an emergency situation. Their teleworkers already know how to gain access to corporate systems remotely, are more adept at handling technology and connection problems on their own, and are able to work more successfully unsupervised.

■ Difference of degree

One of the results of a disaster can be the creation of a horde of instant full-time teleworkers. Instead of teleworking one or two days a week, a worker can be displaced for a week, a month, or even more, depending on the severity of the incident.

■ Bottom line benefits

One-time setup costs for telework range from \$500 to \$1,500 per teleworker and annual ongoing support costs range from \$300 to \$700 per worker. Compare the costs of setting up a teleworker to the cost of a dedicated seat at a workplace-recovery center (a fully equipped but empty office space that is kept on reserve and used only when disaster strikes), and a telework solution becomes even more compelling.

	Telework Solution	Dedicated Hot Site Solution
Annual per-seat costs	N/A	\$15,000 to \$20,000
One-time setup fees	\$500 to 1,500	None
Annual support costs	\$300 to \$700	Included
Total costs, 1st year	\$800 to \$2,200	\$15,000 to \$20,000
Total costs, subsequent years	\$300 to \$700	\$15,000 to \$20,000

Source: ITAC Telework/BC Research, 2004

Successful practices

■ Value of experience

Organizations with a distributed workforce can respond with agility to changing conditions. When an organization has a cadre of regularly scheduled “core” teleworkers, and lets them learn how to work remotely through frequent experience, it can leverage the telework capability for continuity advantage. With telework already in place during emergencies, experienced teleworkers won’t need to master new applications.

■ Fitness counts

Enterprises kept their teleworkers in top training shape. They should be adept at time management, remote connections, distance collaboration and peer communications. Many of the organizations we interviewed required that teleworkers keep capabilities current by teleworking at least once a month.

■ Have a plan

Interviewees stressed the importance of planning. Aspects of their plans include identifying telework-ready employees and logging their capabilities, contact information and equipment. Organizations also reorganized work processes to facilitate electronic communication and eliminate paper-based processes.

■ Diversification key

Most regional disasters experience telecommunication failures. Organizations are advised not to rely on just one communication solution. Instead, diversify the communications choices.

ITAC

Advancing Work From Anywhere

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Get the full story

Exploring Telework as a Business Continuity Strategy: A Guide to Getting Started focuses on many of the key issues related to this topic, including:

- Why telework should be an integral part of BC planning
- Building telework into a BC plan, including identifying goals, analyzing risks, identifying resources, assessing costs, and creating a compelling business case
- Practices used by organizations that already successfully integrate telework into BC
- Essential technologies for teleworkers, and how those buying decisions should be made
- Unique issues facing public sector organizations when it comes to using telework in continuity planning
- Areas for future research in telework and BC

These issues are complemented by profiles and real-world examples that provide tips on how others have used their remote workforce for BC planning and disaster response. The 120-page report contains an extensive array of resources available in the appendices where readers will find tools, templates and more to help them explore this arena in depth.

For a limited time, you can get a FREE copy of the full report,

Exploring Telework as a Business Continuity Strategy: A Guide to Getting Started, by contacting WorldatWork toll-free at 877-951-9191 (select option 7) or by e-mail at businessinfosupport@worldatwork.org.

Special pricing available for bulk orders.



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