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**[WorldCom worries raise wider questions for BCMS](#)**

*- David Honour, editor of [globalcontinuity.com](http://globalcontinuity.com)*

The uncertainty surrounding the future of the WorldCom telecoms company is forcing business continuity managers to ask some searching questions.

WorldCom's current problems have been screaming out of the headlines of every business publication around the world, the company's future is uncertain and the many organisations that rely on WorldCom for mission critical telecoms services face an uncertain period.

Beyond the immediate issues for WorldCom clients, the situation calls for wider questions to be asked about the wisdom of contracting all aspects of a mission critical service to one supplier.

A scenario faced by the Land Rover vehicle manufacturer some months ago illustrates a good example of the issue. Land Rover, a subsidiary of the Ford Motor Company, faced a long-term shut down in the production of its best selling Discovery vehicle, following the bankruptcy of a critical supplier, UPF-Thompson, which made the Discovery's chassis. This is a critical component of the Discovery, for which Land Rover had no convenient alternative supplier. UPF-Thompson's receivers, KPMG, demanded payments of between £35m and £45m from Land Rover in order to continue production. Land Rover resolved the situation by agreeing to buy UPF-Thompson for around £16m in order to guarantee future deliveries of the chassis.

However large your organisation, whatever industry you are in, the chances are that there are aspects of your business that rely on a single supplier, creating a point of vulnerability, especially if the product or service supplied is mission critical.

WorldCom should be seen as a call-to-action for business continuity managers. The measures you can take immediately will probably come as no surprise, namely:

1) Assess your vulnerability: you will already be aware of what processes and systems within your company are mission critical; an audit needs to be conducted of all suppliers to these areas of your business and an assessment made as to how vulnerable your organisation is to any potential problems that might arise with these suppliers.

2) Assess the risk: once you have identified which suppliers create points of vulnerability for your mission critical processes, the next stage is to assess the actual risk that each of these suppliers poses. Questions to ask would include:

How specialist is the service offered by the supplier?

How quickly could an alternative supplier be found?

What is the financial position of the supplier?

How exposed is the supplier to vulnerable markets?

Does the supplier have its own business continuity plan?

3) After stage one and two above, you will have identified any suppliers that pose an unacceptable risk to your mission critical processes. The next step is to take action:

If you are concerned about the financial status of a critical supplier, explain the situation and request access to the financial information that you require to allay your fears. If the supplier won't cooperate, this should ring further alarm bells.

If your company is vulnerable to a specialist supplier, as in the Land Rover example, your options may be to encourage another supplier to enter the market, or to consider producing or supplying that product or service from within your own company.

Where a critical supplier has no business continuity plan, it is certainly a matter of priority to encourage them to produce one, where the supplier does have a plan, you may need to consider auditing the plan to ensure that it is comprehensive, effective and fully tested.

Risk dilution may be an appropriate strategy - splitting large single-supplier contracts into smaller multi-supplier contracts, or issuing retainer contracts to alternative suppliers where a contract cannot feasibly be split up (in this scenario you continue normal operations with your usual supplier but have a contract in place with a secondary contractor. This ensures that in the event of a failure of the main contractor the secondary contractor immediately starts to provide the service in question).

The final action you may need to take is to develop an exit strategy. If you identify a supplier that creates too high a risk to your business, you will need to quickly source alternatives, while looking at ways of extracting your company from its existing contracts.

### **[Where to go for Information](#)**

*- Venus Adams, ACP Information Manager*

When I first started in Business Continuity, I wasn't sure where to go for information. Through the years of meeting people, conferences, magazines, books, etc, I have "collected" many website addresses for different areas and aspects of Business Continuity. I know I probably haven't been to half of what is out there. However, I will share with you some of mine, and I ask that you share with me, so that I can again share with everyone else, some of your most useful websites for Business Continuity.

[www.Computerworld.com](http://www.Computerworld.com) - the E-mail newsletters are free, there is no obligation, and you can switch among topics or unsubscribe at any time.

[www.ContingencyPlaning.com](http://www.ContingencyPlaning.com) - free monthly e-Newsletter

[www.globalcontinuity.com](http://www.globalcontinuity.com) - free monthly e-mail newsletters

[www.bt.cdc.gov](http://www.bt.cdc.gov) - US Department of Health & Human Services

<http://quake.wr.usgs.gov> - USGS / Earthquake (up to date) information

[www.fema.com](http://www.fema.com) - Federal Emergency Management Agency

[www.tallytown.com/redcross](http://www.tallytown.com/redcross) - tornados, storms, etc.

[www.nhc.noaa.gov](http://www.nhc.noaa.gov) - National Weather Center

### **Thank You to those who have renewed their membership**

Maybe next month?!?!

*This update is in accordance with the monthly reports sent from the ACP/National. If you are not listed and renewed in the month of April, I apologize for not having your name.*

### **Treasurer's Report**

The South Texas ACP Chapter cash balances:

Balance 6/30/2002	\$4,619.06
Balance 7/31/2002	\$4727.06

### **Next Meeting**

**When:** Tuesday, August 13, 2002

**Subject:** Crisis Communications

**Speaker:** Chuck Wolf, Media Consultants

**Place:** RM 1553 of the IBM Building at Two Riverway, Houston, TX

**Lunch:** Bring your own lunch or purchase it in IBM's cafeteria

**Time:** 11:30 – 1:00

Chuck will discuss how to communicate with key audiences and the media during a company crisis. He will spend about 20 minutes talking about crisis communications planning (including how to develop contingency plans compatible with the new, federal Joint Information Center model) and then 20 minutes on how to plan and conduct media interviews.

**The chapter meets regularly on the second Tuesday of each month at 11:30 a.m. in RM 1553 of the IBM Building at Two Riverway in Houston. Please feel free to bring a guest. We would love the opportunity to make them members.**

### **Future Meetings**

Remember that attendance at ACP chapter meetings count toward your continuing education credits (CEUs).

The planned program schedule for 2002 is:

September 10, 2002 – DRJ Conference – attendees discuss memorable highlights

October 8, 2002 – Community Infrastructure Support in Your Community - Jim White, Harris County OEM

November 12, 2002 – [working]

December 10, 2002 – Annual Business Meeting & 2003 Election

**Upcoming Conferences/Major Events**

August 4 – 7, 2002 Dallas, TX  
ASSE Region III 29<sup>th</sup> Annual Professional Development Conference  
[www.assegulfcoast.org](http://www.assegulfcoast.org)

August 15, 2002 Houston, TX  
KPMG's Second Annual Business Continuity Planning Conference  
[www.us.kpmg.com/continuity](http://www.us.kpmg.com/continuity)

August 19 – 21, 2002 Sydney, Australia  
7<sup>th</sup> Annual Information Security World Conference  
[www.isec-worldwide.com/isw\\_aus\\_2002/](http://www.isec-worldwide.com/isw_aus_2002/)

August 22-25, 2002 Denver, CO  
Critical Incident Stress Management  
<http://www.icisf.org>

September 8-11, 2002 Orlando, FL  
14<sup>th</sup> International Disaster Recovery Symposium  
[www.drj.com/conferences](http://www.drj.com/conferences)

**2002 Chapter Officers**

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