

Operating Entity Plans: The 3rd Frontier

JOHN A. JACKSON

What is this “third frontier”? What are operating entities? And why should you care? Well it dates back to a long time ago and involves a very dear friend of mine who works for a manufacturing and distribution company located in Oregon. One day at Comdisco, she said something like, “You know, John, we have a great recovery solution in place for our data center and out corporate offices, but what would we do if one of our distribution facilities suffered an outage? Essentially, where could we send finished goods to, where would we fill customer orders from, and how would we get our *business* back on track?”

This third frontier, as I call it, can be a fascinating but somewhat difficult challenge for business continuity professionals. There are no vendor hot sites to move into. There’s not typical DR/BCP supplier who can supply a manufacturing line via “quick ship.” These are different problems, and they require different solutions.

Why call them operating entities? In my opinion, that is exactly what they are. They are the plants, warehouses, distribution centers, power plants, airports, water treatment centers, hospitals, repair shops, and so on where we conduct the business that requires computer centers and office buildings. When we talk about revenue impact, not having the billing department is one thing, but not having any product to bill for is quite another.

Strategies, Solutions

Some potential solutions for operating entities may involve strategies that are complementary to business continuity strategies. In a business continuity situation, you might choose to have geographically split office facilities in order to minimize the impact of one office building going down. Similarly, you might set up warehouses in multiple locations to limit the impact of a fire, work stoppage, or other potentially disruptive event.

However, other solutions do not recall business continuity strategies and tactics and are marked by creativity and a shift in thinking. For example, manufacturing plants often have specialized equipment from

custom suppliers that might take months or years to replace. This clearly isn’t the case with things like servers or PCs. But maybe there *is* an alternate facility that could be outfitted with salvaged equipment or a facility with comparable lines that could pick up the slack. Maybe some of your manufacturing would shift to co-manufacturers or, possibly, you could act in advance to increase your inventory to help bridge the gaps that an outage may bring.

Domestic operating entities present quite a challenge themselves, but if you add global manufacturing, operating, warehousing, and distribution networks to the mix, problems multiply. Maybe one country can “produce” for another, but that may not always be the case. There will be packaging and labeling difference, but there also could be differences in ingredients, formulas, sizes, as well as weights and allowable contents.

Please Participate

The challenges of traditional DR and BC projects and operating entity strategies plans are at once quite similar and distinctly different. But the business continuity professional’s subject matter expertise and planning skills can apply.

My question to you is: “How are operating entity recovery or continuity strategies, solutions, and plans addressed in your company? Is it an issue or do you agree with my assessment that it is a terrific opportunity for all of us to expand our scope and provide more value to our companies?”

I’d be interested in hearing from you on this topic so that I can factor a broader set of ideas and requirements into our collective perspective. Then, I’ll report back to you with what I’ve heard in order to increase our collective wisdom. Please send replies to me at jj@fusionriskmgmt.com. **CI**

John Jackson is a co-founder of Fusion Risk Management and a member of the Continuity Insights Editorial Advisory Board. He is an expert in the fields of business continuity, disaster recovery, and high availability. His 30 years of experience includes running all aspects of IBM, HP, and Comdisco’s disaster recovery businesses and participating in more than 500 actual recoveries for client companies. He can be reached at jj@fusionriskmgmt.com.