

Real Estate Continuity



*Fusing Disaster Recovery,
Business Continuity and
Real Estate.*

Q1 2004

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Canada's New Super-Ministry

In December, Paul Martin was sworn in as Canada's new Prime Minister. One of his mandates is to reconfigure the structure of government so it aligns with contemporary issues that Canadians must face on a daily basis. Prior to Martin's arrival, emergency management duties were delegated to a number of unconnected cylinders, a situation that made management during emergencies challenging.

The confusion in communication and weak links in chains of command was demonstrated when the SARS epidemic hit Toronto in the spring of 2003. During this emergency, health officials from the federal, provincial and municipal had to scramble to not only manage the fallout of the outbreak, but to maintain proper communication channels between them. Reports that have been published over the past several months regarding the management aspects of the outbreak have uniformly pointed to breakdowns that occurred at multiple nodes. In short, the whole process was considered to be a logistical nightmare. Prior to the formation of this minis-

try, emergencies (including natural disasters such as the 1998 Quebec ice storm, as well as potential terrorist incidents) were handled by the Office of Critical Infrastructure Protection and Emergency Preparedness (OCIEPEP). As soon as Mr. Martin assumed the helm of leadership, he decided to create a large organizational body that put all management functions under one umbrella. The new super-ministry, The Office of Public Safety and Emergency Preparedness, is now headed by Deputy Prime Minister Anne McLellan was created in order to shore up management control, and improve communication efficiency. Under this structure, there is now a single point of contact for issues such as health emergencies, Mad Cow disease, naturally-occurring phenomena that can impose economic hardship on communities across the country.

The fact this ministry has been created reflects an acknowledgment that DR/BCP strategies need to be formulated and coordinated at the highest level of government.

Notwithstanding budgetary limita-



What's more Canadian than a maple leaf embedded in the ice? How about the new super-ministry?

tions (as well as a stubbornly smoldering political scandal that just won't go away), this ministry may be considered to have taken a more all-encompassing approach to emergency management and preparedness than its U.S. counterpart, The Department of Homeland Security. Needless to say, we will continue to use the gillinc.com platform to keep our readers abreast of developments within the new department.

"Quotable"

"We are headquartered on Long Island. If we'd gone 50 miles west (of Islandia), the mirrored site would have been located in New York City. So the company made a decision that if we had to go farther west anyway, we might as well put the site in the Midwest."

Walt Thomas, CIO, Computer Associates

"Business continuity is organization-centric...it arises within an organization and is concerned with the continued survival of that organization alone...it tends to be more internally focused. Emergency management is more community-centric (and) tends to be more externally focussed tackling incidents that impact upon the wider community."

Robin Gaddum, a senior consultant with IBM Global Services in the UK

"Facilities in major cities can be disrupted by disasters, both natural and man-made. Traditional real estate plans, typically involving large, single facilities under long-term leases do not match today's business realities."

Agilquest Corporation

"The United States is ill equipped to handle a major outbreak of the deadly SARS virus."

Report commissioned by Federal Centers for Disease Control and Prevention

"Change management is an essential process in today's fast moving business world. Companies that do not handle change well face the risk of falling behind their competitors, and in extreme circumstances may see their survival threatened."

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Blackout Reports

Over the past several months authorities in both the U.S. and Canada have established public and private sectors committees charged with getting to the bottom of last summer's blackout. Over the past few months, we reviewed two of the more prominent reports.

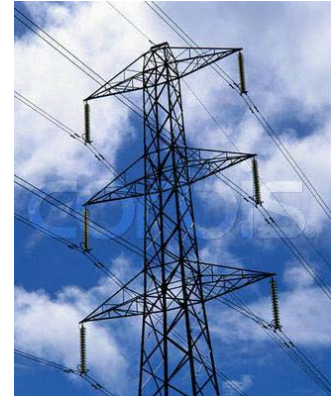
The first one was released by the joint US/Canada Power System task force in November of 2003. When it got down to the task of pinpointing specific areas where breakdowns occurred, the task force identified a few key areas. There were two particularly interesting highlights of the report. First, was an analysis of how consolidation and unbundling of power transmission may have played a role in

creating communication problems between multiple power providers; and second, it stated the outage wasn't particularly of a cascading nature where one event causes a domino effect, but instead occurred as a result of 3 events occurring simultaneously (one of the more amusing primary causes has been the fact that the tree trimmers outside of Cleveland let one tree get a little too high to the point where it made contact with a line and shorted). In the end, the report described a great deal but was a little light on prescriptive measures that might prevent a reoccurrence.

In Ontario, the Electricity Conservation and Supply Force Task Force

(a committee actually set up two months prior to the blackout) released a report in January, that was more holistic and forward-looking in its approach, as it demonstrated how demand is on track to outstrip supply. It did a good job in tackling supply side issues, but still didn't specifically address some of the problems associated with *buildings*.

We had predicted that no matter how deeply various committees explored the causes, they would largely ignore how building-related preventative measures might mitigate these problems in the future. In fact, this served as the basis for the White Paper we released in September.



One of the reasons cited for the blackout was problems associated with transmission lines.

Construction Elements Paper

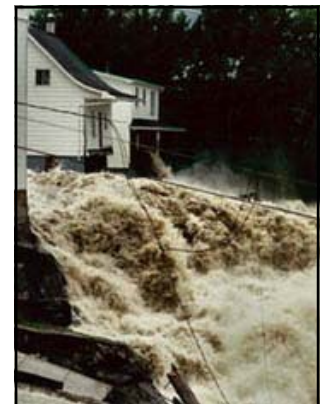
In January, we published a timely paper on some of the construction elements that must be considered when establishing a backup site. The paper was targeted towards the facility planners of organizations whose operations are considered critical. Depending on how critical operations within those organizations tend to be, they will select backup locations based on a prescribed distance from the organization's main facilities. Certainly, risk mitigation now requires a wide range of events be analyzed for their projected impact on an or-

ganization's ongoing operations. However, another area that deserves due consideration is construction standards.

In tackling this subject we turned to our in-house construction expert, Dr. Ajit S. Gill, a Professional Engineer and Professor Emeritus in Civil Engineering. Dr. Gill pointed to a number of critical areas that facility planners should carefully review before giving the go-ahead with any specific backup site. These included areas such as how steel and concrete are used, aspects of fire safety, and integrity of

the composition of underlying soil. It was also interesting to note that how unforeseen disasters can not only have a pronounced effect on the stability of buildings, but key transportation arteries as well (i.e. roads and bridges) that provide access to these facilities.

For those who may wish to explore the finer aspects of construction and engineering, and specifically, how it relates to workplace continuity, we would encourage you to read this timely paper. It is currently available on the research page of the Gill website.



The forces of nature can seriously compromise structural elements of a facility.

New Analytical Tool: The 'Footprinter'

Over the past few months, we have been working on a consulting assignment for a large institutional client that establishes a framework giving decision makers the ability to efficiently select backup sites for their operations. From all accounts, this is a first of its kind exercise, and we hope that many of the insights gathered during this process will be applicable to future projects and policy.

In the course of the project we have devised an interesting methodology for evaluating risk, which we have code named 'The Footprinter.' Let us explain by first

making some basic assumptions. Policy makers charged with the task of devising redundancy strategies typically begin by assessing how critical their internal operations are, i.e. determining their maximum threshold for operational downtime. The lower this number, the further away backup facilities should be located. At this point, the magnitude of a full range of events must be evaluated.

Without becoming buried in the minutiae of this process, we felt there was an easy way to visually represent the impact of any event, so when it comes down to making

decisions, policy makers can visually determine what events merit the greatest degree of mitigation strategies. This is where 'The Footprinter' comes in handy. It proposes a very simple to use evaluative technique that considers factors such as downtime, geographic area affected, and the effect of event on site services. It also considers whether a particular incident has precedence in that geographic region. For more information on how your organization may be able to put 'The Footprinter' to use, feel free to drop us a line at footprinter@gillinc.com.



Advisor Profile: CAMTOS Solutions

CAMTOS Solutions, a key Gill Advisor, has helped public/private sector clients develop BCP solutions for over 5 years. Their approach involves a thorough risk analysis, which is integrated into client solutions that sustain business functions during a crisis.

CAMTOS seeks to: improve management awareness of Emergency Response, Crisis Management and BCP, and reflect this in a multitude of organizational policies; provide better training of personnel; optimize backup, offsite storage and information processing for mainframe, client/server and desktop environments, making them better align with business needs and regulatory requirements; and, improve

records management practices.

The CAMTOS BIA (Business Impact Analysis) forms the foundation for strategy in line with these objectives. BIA criteria such as the political costs, revenue/procurement implications, delayed/canceled services, employee morale, customer service, management liability, lost or deferred revenues are risks. Risks alone don't offer solutions. CAMTOS opts to document recovery strategy options and costs for senior management to consider by seeking answers to four key questions: What departmental functions are critical and why? What resources do critical functions use when they are being performed? How long

an interruption can these functions withstand? How much will it cost to establish a recovery capability to restore the resources needed by critical functions in the time frame they require?

Working with the resource owners, CAMTOS delivers on strategy options and costs. With offices in Toronto and Montreal and a growing list of customers across several industry sectors in Canada and the US, CAMTOS Solutions is well positioned to provide cost-effective, relevant solutions, from plan testing to plan design and training. For more information, contact Robert Murray at CAMTOS at robert.murray@camtos.com.



CAMTOS Solutions
Business Continuity Professionals

Putting a New Directory in Place

When the Gill website was initially set up, the mandate was to create an online informational appendage to our core consulting business. We thought it would be a logical container in which we could store key research pieces developed as we moved forward. While we remain true to the original vision, one area that we tended not to focus heavily on was our blog. Long before political candidates were using this new medium as a place to articulate policy, we started our own blog dedicated to issues directly or peripherally related to the facility-related aspects

of business continuity planning.

One visit to our webpage reveals to our readers that we have been dedicated to not only maintaining the blog, but creating blogs that are structured as mini research papers. Just as many of our readers have indicated their enthusiasm for the contents of the blog, they have expressed their frustration at not being able to easily find entries associated with a particular subject. With this in mind, we have created a directory that catalogues each of our weblog entries into subject

cylinders. Thus, readers are now able to search site content according to subjects which include technology, real estate, policy and insurance, to name just a few.

With these changes, we are confident the site will provide planners with a valuable resource to supplement their existing workplace continuity toolbox. Any other proposed changes to the site are enthusiastically encouraged. Keep your emails coming in - they do a great deal in helping us move forward.

"With these changes, we are confident the site will provide planners with a valuable resource to supplement their existing toolbox"

RPIC 2004

A year ago I delivered a speech at the Real Property Institute of Canada's (RPIC) annual conference in Ottawa, where I first introduced some of the intricacies of organizational decentralization. Over the past year the scope of the discussion has significantly broadened. In February of 2004, I again spoke at RPIC, and this time, I shifted my focus toward the paper we published in September that linked the North American blackout to the movement toward smart buildings.

Beyond the elements initially discussed in the September paper, I

made sure that contemporary events or insights were interwoven within the fabric of the presentation. The movement toward sustainability has a very direct connection to business continuity and facility planning - key elements of the presentation.

Given the topical nature of the material presented at RPIC, I thought it would be a good idea to literally bring the auditorium to your desktop. In this quarter we will publish the presentation in three parts using the TB2 multimedia platform provided to us by one

of our key advisors Streamlogics. This forum will not only allow us to provide readers with the PowerPoint presentation, but will also include an audio feed that provides useful context to the slides. Additionally, this will include a resource center which includes documents and useful links that provides useful background information.

Hopefully, this will provide some key insight for organizations into an area that will inevitably attract more attention, as decision makers enhance their ability to connect all the dots.



Tony Gill addressing the 2004 Real Property Institute of Canada's annual conference in Ottawa.

Innovative Workplaces Division at the GSA

While I was attending the recent RPIC conference, I bumped into Stan Kaczmarczyk, the Director of the Innovative Workplaces division of the General Service Administration (GSA) in Washington D.C., who I met at last year's conference. Stan's division is doing some very interesting things at the GSA, including the promotion of the agency's teleworking program (see the post we made 2/6/04). Although we used the blog to take the role of devil's advocate by identifying some of the management problems associated with teleworking, we also provided some constructive ways to mitigate these concerns.

The Innovative Workplace division has not only done an excellent job laying out a compelling case for teleworking (identifying factors including cost reduction, work/life balance and retention potential), but also points to the reduction in organizational real estate costs as well. The challenge here is for organizations to construct comprehensive plans that in some cases fundamentally reengineer the configuration of work group designs, processes and management structures.

This initiative is also notable as it aligns with much broader initiatives in the U.S. For instance, Stan dropped me a line that reminded

me of President Bush's Management Scorecard which, broadly speaking, works to create a more efficient organizational structure within government. There are various Federal agencies that are developing human capital strategies that could increasingly align with the work coming out of Stan's department, and this in turn will also integrate the idea that some of these organizations need to be in continuous operation. In turn, this will require a further layer of analysis and implementation.

It will be interesting to see what comes out of this. We look forward to following these developments.



Integrating Change Management into the Realm of BCP

If you are a regular reader of the blog, you may have noticed some of the posts we have made about Change Management. When we began this company we recognized that no matter how methodical a backup strategy may be for a specific organization, it will inevitably impact people. Thoughtful planners must therefore calibrate their redundancy programs (especially those involving the repositioning of human capital) to a well conceived change management strategy.

The importance of this area in relation to BCP cannot be underes-

timated, as numerous studies have previously indicated that many firms do not adequately plan for, or even anticipate change. Our primary change management specialist, Jo Verde from CAMTOS Solutions has offered several opinions that have been published on this forum. If your organization is considering a major upheaval and have yet to consider some of the aspects of change management, it would be well worth your while giving Jo's insights a good read, as she often uses anecdotes from her own experiences to illustrate how

this area directly ties into BCP.

Her approach is nicely conveyed in the following quote attributable to her in a recent post:

"Understanding the business needs and the value of change is important, but understanding the impact not only on those who lose their jobs but also the impact on those who are left behind to continue the core business is major. Many businesses underestimate this effect and pay double in the end for that they see as dealing with the pain quick and dirty." Stay tuned to the site for more of Jo's comments.

"Understanding the business needs and value of change is important...Many businesses underestimate this effect and pay double in the end"

Coffee Fuels Information Exchange

In a piece we posted on the Gill website in December, we suggested that the most unconventional of places will become the hubs for business interactivity. What kinds of places were we talking about? How about Starbucks. Indeed, it would be short-sighted to think Starbucks is merely in the business of serving cups of steaming joe. In fact, Starbucks provides its customers with a much broader experience.

In his blog "Thinking by Peter Davidson," Peter likens the \$4.00 paid for a cup of coffee for membership fees for the Starbucks

experience. He goes on to discuss their latest move to enhance the overall experience – offering customers online access to 250,000 songs via tablet computers connected to CD burners, but he also puts makes some very bold predictions as to how the brand moves forward. One of his predictions is the acquisition of Meetup.com. As Peter describes it: "If ever there was synergy this would be it...meetup only thrives when there is a physical place for people to gather. This is the basic building block of Starbucks."

This very much aligns with our

thoughts, and takes us back three centuries to a time where, as *The Economist* recently described, people went to coffee-houses, where for the price of a cup of coffee, you could catch up on news and gossip, chat with like-minded people or strike business deals. As we have said before, today, as in years gone by, freedom is not in the tallest structures in the world, but in small coffee shops on street corners where people gather to exchange information and ideas, to read a newspaper or magazine, or to connect to the Internet with laptop computers.



Does this familiar icon represent one of the key components of the 'bricks and mortar' strategy for many organizations in the future?

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Real Estate Continuity

Institutional real estate policy needs to be approached in a new way. We advocate that large organizations make this function more strategic, rather than tactical, especially in an era when external factors that might compromise the very existence of the entity cannot be predicted.

Gill Advisors Inc. is committed to creating solutions for institutions that seamlessly integrate real estate strategy into business continuity planning. By bridging these areas, Gill makes real estate planning a more strategic component of overall organizational policy.

New White Paper: University Emergency Management

University campuses. Ah yes - secluded ivory towers of thought, innovation and creativity, where the realities of the world can somehow remain on the outside, and life within this fortified bubble can move in accordance with the rules set from within. Well, the bubble has unfortunately burst. In a world that now must deal with events and phenomena never considered in previous generations, more and more post-secondary institutions are dusting off their old disaster

management handbooks and completely re-writing them. No longer are procedures just calibrated to events such as snowstorms and hurricanes, but to a wide range of event scenarios.

Another substantial area of change involves the degree to which these procedures are moving from static documents to living, breathing organic plans that are updated and modified on an on-going basis. More than ever, the particular configuration of an institution's facilities plays

a large part in determining the particulars of a given plan. We mention this ahead of a major paper we plan to publish on the basic elements of university emergency plans.

This should be a very useful document for university administrators who are currently looking to establish some basic parameters for their own disaster management issues.

What's Popping Up in Q2 2004?

Research:

- Abstract on The Human Elements of organizational decentralization; this will be our final executive summary of the white paper we did on this subject
- TB2s for final abstracts will be published (this includes the next presentation on insurance implications)
- All of the white papers on organizational decentralization that were written in 2003 will be published in their entirety and published on the website over the next few months
- Our next White paper will be written on components of emergency mobilization plans for universities. Some version of this will be published to the site over the coming weeks



- The presentation Tony Gill delivered at RPIC 2004 will be published to the site in three parts starting in the second quarter. Look for the first part in early May.

Watching:

- President Bush's Management Scorecard, and how it might influence changing workplace

strategies

- The ongoing debate on how to amend the terms of TRIA in the U.S. before it expire at the end of 2005.
- How the increasing movement toward outsourcing to places like India are affecting real estate trends in countries where functions are being outsourced
- The extent to which BCP principles gained increased traction in small and medium-sized enterprises, as well as how legislation will affect this trend
- How new standards of security are having their impact on the design of new buildings
- The impact of recent terrorist activities on BCP and DR policy in Europe



***...bridging the chasm
between real estate
strategy and business
continuity planning***

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