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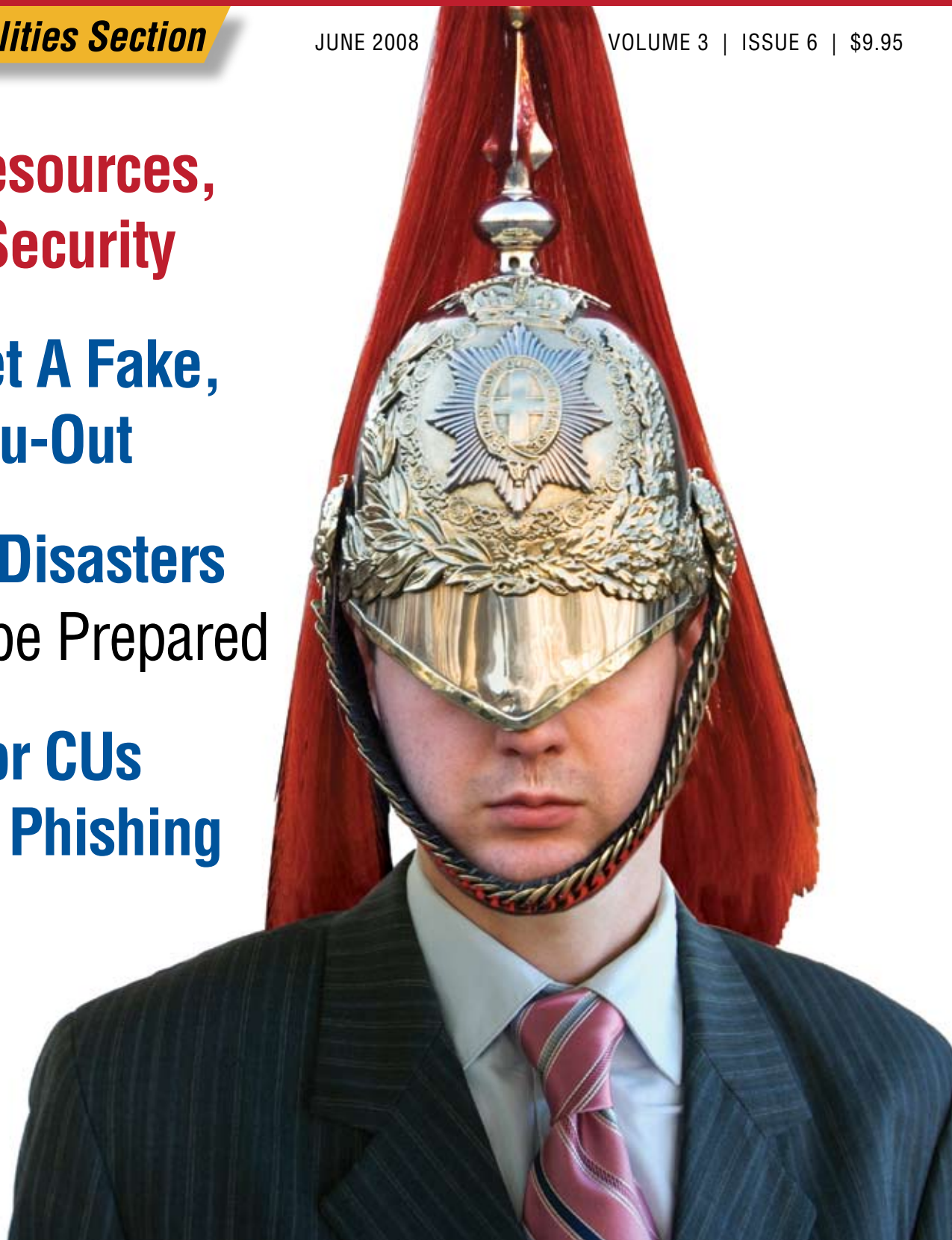
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**Little Resources,
Bigger Security**

**Don't Let A Fake,
Fake-You-Out**

**Natural Disasters
How to be Prepared**

**Ways For CUs
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Natural Disasters How to be Prepared

Is your credit union prepared for the worst? Comprehensive disaster management planning is critical, even if you think you are not in a disaster-prone area. Take note of these most important steps in planning for disaster so that if and when one strikes, your credit union will be ready.

By Jeff Van Pelt, Ed.D., SPHR

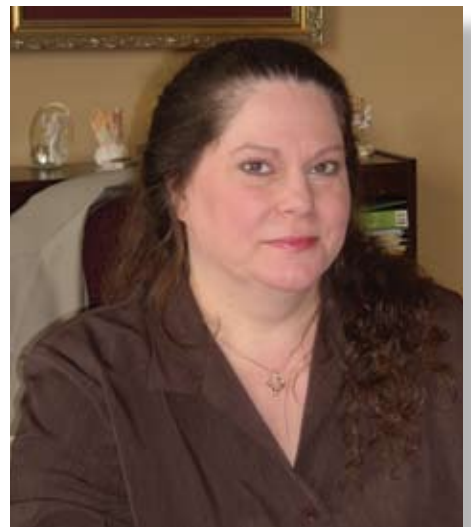
At Magnolia Federal Credit Union in Jackson, Miss., they know the importance of disaster preparedness. When Hurricane Katrina struck the Gulf Coast in August 2005, the FCU lost power for four days. Telephones were down for two days. Many residents sustained damage to their homes and were without water for a time. There was a gasoline shortage. Credit cards and debit cards were useless without power, so the few stores in town that were open were operating on a cash-only basis. This meant that Magnolia FCU members needed to get to their money.

The \$77-million Magnolia FCU was back up and running within 48 hours. The day after the hurricane, Magnolia's management team showed up for work in the dark. With flashlights, they surveyed the damage and discussed how to serve their 10,000-plus members.

They learned that one of the managers, VP of finance Gigi Williams, had power at her house. So they took down their Open Solutions COWWW server, which housed all their member data, and sent it home with Williams. With guidance from Open Solutions' support personnel via cell phone, Williams managed to start up the server by changing a few settings.

She was then able to retrieve the most recent member trial-balance report. She printed a copy for each of the FCU's two branches, and they were open for business the next day, albeit still without power. Members waited patiently outside while they were escorted in, two or three at a time, by flashlight to retrieve funds from their accounts. Credit union staff members were then able to verify and track withdrawals through valid member account numbers. This process continued for two days, until power was restored.

Open Solutions is a hosted solution that provides backup for all data. If Magnolia's data had only been stored on a mainframe onsite, the credit union would not have been able to open for several more days.



VP of Finance Gigi Williams, Magnolia FCU



Magnolia Federal Credit Union

As challenging as Katrina was for Magnolia FCU, it could have been worse. The building could have been destroyed. Employees could have been prevented from getting to work, either by downed trees and electric wires or because they were attending to their own personal losses. All of this points to the importance of comprehensive disaster management planning.

Even if you think you are not in a disaster-prone area, many things could happen. An underground gas-line rupture could lead to the area being sealed off, so that no one could come or go from the building. Lightning could strike anywhere, with potentially devastating consequences, including the destruction of computer hardware and software, or avian flu. The list could go on.

Following is an outline of the most important steps in disaster management planning for businesses.

Who's In Charge?

The first step in creating a disaster management plan is to

form a team expressly for that purpose. This team will both do the planning for a possible disaster and manage the response should one occur.

Planning begins with deciding who should be on the team. Input and assistance are going to be needed from a number of individuals. Choose people with a variety of skill sets that will be useful during a disaster: calm demeanor, good communicator, knowledgeable about the CU's physical plant, its business processes, its databases and so forth.

Similarly, choose people whose duties comprise the areas and functions you would need if there were a disaster (e.g., someone from senior management – in a small organization, that individual will probably be the president, someone who has access to employee and member data, someone who knows the core processing system inside out and so on). Finally, the team needs a leader. Often this person will be the president. If not, it should be someone who reports to the president.

Major Risks?

The first task for the team is to perform a vulnerability analysis, which has two parts: the likelihood of various disasters and the impact that each would have.

First, it is important to assess the likelihood of occurrence of various natural and manmade disasters. For example, for CUs along the Gulf Coast or southern Atlantic Coast, hurricanes will figure prominently in their planning but earthquakes much less so. Just the converse will be true for CUs in the Pacific states.

Similarly, it is necessary to assess the likelihood of fire (based on things like age of building, sprinkler system, etc.), tornadoes (based on geography), terrorism (based on proximity to high-value targets) and so forth. Note that even a one-percent probability of occurrence might be significant in this context.

“They surveyed the damage and discussed how to serve their 10,000-plus members.”

A vulnerability assessment is not complete without an impact analysis for the various disasters that you determine have significant likelihood. This is because a disaster warrants significant preparations only if it is both likely to occur and it would have a major impact. As an example, hailstorms may be likely but their impact on most businesses is fairly small; therefore, planning could be better directed to other potential disasters.

And ... Preparing for Disaster

The next step is to create a disaster plan and get it down on paper. There are at least two parts to this plan: one for business continuity and one for responding to the needs of employees. Some credit unions might wish to add plans for

responding to the humanitarian needs of their members and the larger community in the event of a large-scale disaster.

BUSINESS CONTINUITY PLANNING

Carefully assess how your CU functions and determine which staff, materials, processes and equipment are essential to business continuity; that is, to meeting your members' financial needs. Then, with the results of the vulnerability analysis in hand, determine which of those essential staff, materials, processes, and equipment would be at risk in the event of each kind of disaster you assessed as somewhat likely and having significant impact. Document in what ways each would be at risk.

You will need to create: (1) safeguards for each of these assets and processes, where possible and (2) backup plans where safeguards are not possible or foolproof. Where can you quickly get more staff or equipment, use of a different facility, access to backup data from your core-processing system, alternate contractors and suppliers, and so on?

Create a contact list, including emergency numbers for all employees, critical business contractors, building management contacts and local emergency services. Get a copy to everyone on the disaster planning team, and keep copies both on- and offsite.

Arrange programmable call-forwarding for your main business line(s) so that if you can't get to the office, you can call in and program the phones to ring elsewhere.

Define individual responsibilities in the event of a disaster. Who is responsible for securing the core-processing system, for example? Who will contact employees? Make sure those individuals know their roles and receive any advance training needed to carry them out flawlessly under trying circumstances.

Cross-train employees to step into key roles that could become vacant. Have contingencies for replacing everyone up to and including senior leaders who are out of action. An avian flu pandemic, for example, would most likely affect all



reassured that the organization is responding appropriately to the disaster. However, the disaster may render some means of communication useless. Consider how often power and phones are out after a storm. The solution is to have redundant methods of communicating with your employees, so that if one fails you have several backups.

All of the following methods should be considered, and the logistics of the ones that you decide to use should be documented in your plan:

levels of the organization. Consequently, you need to decide in advance on your succession processes, even down to specific individuals who could move into each position.

Plan what you will do if your building is not accessible. Can you continue operations from another branch? Where could you rent another building on a temporary basis?

For some emergencies, you may need to decide whether to evacuate the building or shelter in place. A chemical spill, for example, could result in authorities closing off an entire neighborhood and ordering everyone to remain indoors where they are. In case of such an event, consider what essentials need to be kept on premises. Requisite items should include a first-aid kit, flashlights with extra batteries, tools, and enough drinking water and non-perishable food for a full house for several days.

(See below “Resources for Managers for Business Continuity Planning.”)

Planning for Employee Needs

No business can operate without its employees. This fact makes planning for employee needs in the wake of a disaster an important function of your disaster management team.

Communication is the key to meeting employee needs. Timely communication with employees is essential to their feeling

be considered, and the logistics of the ones that you decide to use should be documented in your plan:

- Onsite, face-to-face meetings
- A toll-free number, with live answer, for employees to call in with their questions and concerns
- A toll-free number for employees to call in and get recorded information
- A password-protected page on your intranet or extranet where you can post and update information
- A telephone call-tree to reach a large number of employees quickly
- An email distribution list for all employees, and for relevant subgroups of employees
- At a minimum, designate a phone number on which you can record an announcement remotely for employees to call and listen to.

One important role of an employer after a disaster is informing employees about where they can obtain resources for assistance. Needs that should be addressed include the immediate safety and security of person and home; physical needs such as water, food and shelter; and emotional needs, especially for those grieving a loss. In addition to any company-provided assistance and local community resources, see the box for government and other national organizations of interest.

(See below “Resources for Employee Needs After a Disaster.”)

Disaster-Related Policies

It is important to decide in advance and to have in place clear policies on various issues that may arise during a disaster. These issues include but are not limited to:

- Attendance: Who decides whether employees need to report for work? Will absent employees be required to take vacation? Do these policies apply differently when there is difficulty or danger involved in reporting, when the branch is shut down or when employees have personal problems preventing them from reporting (for example, damage to their homes)?
- Pay when out of work: Will employees be paid for missed work? How much? For how long? Does the policy apply differently depending on reason for missing work?
- How will pay be gotten to employees if they are dislocated from their homes, cannot come in and/or the banking system is disrupted?

Brainstorm among your team about other policies and procedures that need to be worked out in advance. Try to make such policies as generous as circumstances allow – that generosity will be remembered by employees and rewarded with loyalty.

What to Communicate

One of the first steps after a disaster strikes should be a message from the president of the CU to all employees. The message should convey the gravity of the situation and reflect the normal anxieties and concerns that are shared by all.

People gain a sense of security through information; therefore, the message should include an update on the status of the disaster and any steps the CU is taking to ensure both the safety of its employees and the continuity of its business.

It should also remind employees where and how they can get updated or additional information from the CU’s management team. Finally, the message should inform employees

“People gain a sense of security through information.”

about resources, as above, that are available to help them cope with their own and their families’ needs.

This message does not need to go into specifics such as work schedules and leave policies. The latter might be better addressed in separate, later communications, perhaps by a VP or HR manager.

Response to the Larger Community

In addition to taking care of their own needs after a major disaster, many companies want to do what they reasonably can to help the larger community recover. In addition to being the right thing to do, giving to the community during such a time comes back to your organization in terms of the goodwill it engenders.

Your disaster management team might wish to call local community-aid organizations to find out what help they need and to offer assistance. Your aid might be financial, material or volunteer time by your employees. Employees might donate blood, if that is in short supply. The CU could offer to match employees’ monetary contributions. It could publicly recognize employees who donate their time. It could even offer employees paid time off for volunteer work.

Clearly, one size does not fit all when it comes to disaster management planning. The size of your organization determines, to some degree, how extensive your planning needs to be. But it is better to do too much than too little in preparing for events that could paralyze your CU in the short term and hurt business in the long term if not handled well.

Resources: Disaster & Continuity Planning

Following are links to Websites of government agencies and other organizations that provide information and advice to busi-

nesses for disaster management planning and response.

<http://www.ready.gov/business/index.html> – a comprehensive disaster planning Website provided by the U.S. Department of Homeland Security for small to mid-sized businesses.

http://www.redcross.org/services/disaster/0,1082,0_606_,00.html – a disaster preparation site from the American Red Cross.

<http://www.vaemergency.com/business/> – a disaster management planning site provided by the Virginia Department of Emergency Management.

<http://www.osha.gov/SLTC/etools/evacuation/index.html> – an “e-tool” to help small businesses implement an emergency action plan and comply with OSHA’s emergency standards.

<http://www.cdc.gov/niosh/topics/prepared/> – a Website provided by the National Institute of Occupational Safety and Health (NIOSH) that provides information on emergency preparedness for small businesses.

<http://www.fema.gov/pdf/library/bizindst.pdf> – a step-by-step planning manual from the Federal Emergency Management Agency (FEMA).

<http://www.mentalhealth.samhsa.gov/cmhs/managinganxiety/> – a Website from the Substance Abuse and Mental Health Services Administration that provides information about the emotional side of disaster response, especially managing anxiety in times of crisis.

<http://www.nimh.nih.gov/publicat/violence.cfm> – a Website from the National Institute for Mental Health (NIMH) that provides information about helping children and adolescents cope with violence and disasters.

Resources: Employee Disaster Needs

Following is a list of resources that employees and CU members might find useful after a disaster. You may wish to post it on your intranet and extranet sites.

American Society for the Protection of Cruelty to Animals (ASPCA) at www.aspca.org: This site posts information pertaining to the care and safety of pets after a disaster.

American Red Cross: (866) 438-4636.

Website: www.redcross.org

Catholic Charities: (800) 919-9338.

Website: www.catholiccharitiesusa.org

Federal Emergency Management Agency (FEMA):

(800) 621-3362. Website: www.fema.gov

Legal information from the American Bar Association: www.abanet.org/legalservices/probono/home.html

Salvation Army: Survivors in need of assistance call (888) 363-2769. Website: www.salvationarmyusa.org

United Way: www.unitedway.org. Click “Contact United Way in Your Area” then enter your zip code for local services, including:

- Basic human needs, such as food banks, clothing, shelters, rent and utility assistance
- Physical and mental health resources, including medical information lines, crisis intervention services, support groups, counseling, drug and alcohol intervention and rehabilitation, health insurance programs, Medicaid and Medicare, maternal health, and children’s health insurance programs
- Employment support, including unemployment benefits, financial assistance, job training, transportation assistance and education programs
- Support for older Americans and persons with disabilities, including home health care, adult daycare, congregate meals, Meals on Wheels, respite care, transportation and homemaker services
- Support for children, youth and families, including childcare, after-school programs, family resource centers and protective services
- Volunteer opportunities and donations

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