

COOPERATIVE EXTENSION

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FS 99-58

HOW TO PLAN FOR Y2K

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What if your electricity goes out? What if your water and sewer system does not work? What if there is an interruption in air transportation because of operational malfunctions? These are some of the Y2K scenarios that have been much talked about over the last year. How a business, governmental agency, or individual household deals with these scenarios is the major challenge.

This is why all segments of society needs to be prepared with some type of contingency plan to act rationally to the what ifs that seem to appear when discussing Y2K problems. Contingency plans, in the framework of Y2K, are plans that involve a process of anticipating how and when systems may be disrupted and what is the procedure to adapt to the situation.

This document is designed to discuss contingency plans and how to prepare a contingency plan for the unexpected situations that we are faced with everyday.

How to Prepare a Contingency Plan for Y2K

Preparing a contingency plan can vary depending on the size or purpose of the business, organization, or household. The steps described below are mainly directed at businesses and organizations but can be adapted to individual households.

1. Initiate the Planning Process

- A) Communicate the complexity and depths of the Y2K problem.
- B) Establish a Y2K work group that includes functional and technical personnel.
- C) Develop a strategy based on risk analysis and process vulnerability
- D) Identify core business processes and inventory equipment
- E) Connect with existing plans to reduce duplicate planning cost effort.
- F) Establish a review cycle and maintenance procedure for the plan

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2. Business Impact Analysis

- A) Estimate the cost and benefits, determine required detail for planning purposes, and determine plan structure and content.
- B) Identify possible Y2K failures by analyzing potential problem areas and prepare possible failure scenarios.
- C) Define minimum acceptable output levels. Determine the impact of internal and external system failures, the impact of infrastructure service disruptions, and estimate the cost and duration of disruption.

3. Response to Business Impact Analysis

- A) Select appropriate contingency plan based on level of failure. For example business under normal operations, reduced efficiency (delayed payment), simplified operations (hand-write checks), complete shutdown.
- B) Develop the plan. (Y2K Self Help Tool Phase that can be obtained from your local Cooperative Extension Office).
- C) Define and document triggers. Triggers are events that take place that will initiate the contingency plan.
- D) Establish response Team for each core business process.

4. Test Contingency Plan

- A) Testing validate individual plans. Testing allow for evaluation whether the plan provides the desired level of support.
- B) Design and Document test plan that simulates reality.
- C) Testing schedule and coordination. Assure that essential teams are available.
- D) Conduct tests and assess results. Document results during various stages of testing.
- E) Update plans and procedures. Resolve problems encountered during test and re-test if necessary.

Contingency Plan Worksheet and Example

Below is a completed contingency plan for a small manufacturing business. The highlighted sections are responses to each of the sections and areas previously discussed.

Name of Company: Acme Manufacturing	Name of Critical Area: Shipping
Name of Critical Area Leader: Janice Smith	Date: February 14, 1999
1. NORMAL PROCEDURES: Procedure to ensure shipping is prepared for Y2K vulnerabilities.	
Team Leader: Janice Smith	
Team Members: Mike Jones	
Outline of tasks and responsibilities: <ul style="list-style-type: none"> • Daily file backups of all shipping transactions and daily printouts of open items (Mike Jones) • Complete biweekly reviews of emergency procedures, alternate plans and restoration procedures (Janice Smith) • Complete testing of all contingency plans by October 1, 1999 (Janice Smith) • Complete training of shipping and receiving staff by November 1, 1999 (Janice Smith) 	
2. EMERGENCY RESPONSE: Procedures to ensure an organized response during the first five hours of any failure in the shipping process.	
Emergency Response Team Leader: Janice Smith	
Emergency Response Team Members: Roy Brown, Sue Jackson	
Identify activities that may need attention: <ul style="list-style-type: none"> • If shipping system fails, identify all finished products in shipping room and manually pack, label and stack for immediate release (Team) • Notify production department, sales, and accounting department that shipping system is down and emergency procedures are enacted (Janice Smith) • Notify World Shipping (800-656-9000) that shipments will be handled manually and pickups will be every 2 hours until further notice (Sue Jackson) • Hand carry all products from finished goods inventory to shipping table using two dollies in shipping room (Team) 	
Determine cause and failure: <ul style="list-style-type: none"> • If shipping software failed problem is either WhizPro PC or ShipFast applications • If conveyor or packaging system fails problem is an embedded system(s) 	

3. ALTERNATE PROCEDURES: Implement work-around for shipping system or packaging system failures until shipping is fully operational.	
Alternate Procedure Team Leader: Kevin Flynn Alternate Procedures Team Members: Bo Allen, Tim Bean, Carl Ott	A d
Identify work-around plans in case of emergencies: <u>Start-Up:</u> <ul style="list-style-type: none"> • Get alternate procedure team in place and review procedures (Kevin Flynn) <u>Support of Essential Business Functions:</u> <ul style="list-style-type: none"> • Handle all finished good manually using two dollies in shipping. Bo Allen and Tim Bean will make runs between finished goods and shipping table. All finished goods will be stacked in shipping by the large table and separated by customer. <u>Data Recovery</u> <ul style="list-style-type: none"> • Kevin Flynn will manually record all shipments by destination, date, contents, weight and time shipped in forms at shipping table. 	d i t i o
4. RESTORATION PROCEDURES: Procedures to restore the shipping process	n
Restoration Phase Team Leader: Tom White Restoration Phase Team Member: Tom White	a
Identify steps necessary to return to normal business function: <ul style="list-style-type: none"> • Check WhizPro PC and replace if failed. • Check ShipFast application and call (800-787-9023) regarding compliant version • Check packaging system and call (800-646-1939) regarding embedded system 	l

Y2K information can be obtained from your local Cooperative Extension office or by contacting Buddy Borden, Community Development Specialist with Nevada Cooperative Extension (702) 222-3130 or Tim Darden, Research Analyst with the Center for Economic Development (775) 784-6994.

Useful websites with Y2K information include:

<http://y2khelp.nist.gov>

<http://www.sba.gov/y2k>

<http://www.year2000.com>

Materials presented in this document are from the Small Business Working Group of the President's council on Year 2000 Conversion.