

**Alfred P. Sloan Foundation  
Stakeholders' Forum on  
The New Voluntary Certification Program for Business  
Preparedness**

Hosted by:  
International Center for Enterprise Preparedness (InterCEP)  
New York University

**SUMMARY PROCEEDINGS**

*Draft 12/14/07*

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## **EXECUTIVE SUMMARY**

On December 10-11, 2007, the Alfred P. Sloan Foundation sponsored a national forum focused on the new voluntary certification program for business preparedness, as set forth in recent legislation.<sup>1</sup> The overall purpose of the forum was to enable stakeholder dialogue to inform the U.S. Department of Homeland Security (DHS) on the considerations and strategies relevant to the certification program. Forum participants included representatives from private sector businesses, key industry associations, and government agencies. Major discussion themes included the following:

- Design and Operation of Certification Program: Many issues and considerations were identified, and participants generally acknowledged that the program should support:
  - First, second and third party assessment;
  - Sector specific resources/focus where appropriate;
  - Varying levels of “complexity” in the planning and assessment process (esp. for small business).
  
- Designation of Accreditation Body: On this topic, participants generally recognized that:
  - DHS should seek to identify any organizations interested in possible designation as an accrediting body for the program, possibly via an RFP;
  - ANAB (ANSI partnership) has indicated an interest in this regard;
  - The accreditation effort should seek to build upon existing processes/structure of quality and environmental voluntary certification efforts and consider the application of the maturity model approach as appropriate.
  
- Selection of a Preparedness Standard: Participants had different opinions regarding the number of standards to be included in the program, but generally recognized that:
  - Opinions regarding the number of standards to be designated focused on two primary options:
    - Either, a single standard to reflect existing U.S. focus on NFPA 1600 and facilitate efforts of early assessors to focus on a single standard;
    - Or, multiple standards reflective of a set of common core elements to allow for flexibility within a framework;
  - Simplicity in application should be the goal;
  - The international nature of business operations should be considered.
  
- The Business Case for Preparedness: Participants identified a wide variety of issues and strategies, as well as a key next step:

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<sup>1</sup> “Implementing Recommendations of the 9/11 Commission Act of 2007”, also referred to as H.R. 1 and Public Law 110-53.

- The full spectrum of business case rationales should be considered in advancing the accreditation and certification program;
- A key next step identified by forum participants was the development of working groups dedicated to advancing specific incentive areas (such as insurance, supply chain, rating agency acknowledgement, legal liability mitigation, etc.) that could assemble key stakeholders around each incentive area and act to promote the advancement of that incentive through the certification program.

InterCEP invites readers of this document to provide feedback to inform our ongoing research and outreach in this critical area.

## **AGENDA**

### Monday, December 10

- 9:00-9:30 Opening Remarks, Forum Overview & Ground Rules
- 9:30-10:00 Introduction of Participants
- 10:00-10:15 Reviewing the Legislation
- » High-Level Summary
  - » Comments, Questions and Answers
- 10:15-10:45 Structure & Process of Accreditation & Certification: Reflection on Existing Programs
- » High-Level Summary
  - » Comments, Questions and Answers
- 10:45-11:00 Break
- 11:00- 12:30 The Certification Program: Discussion of Key Considerations and Potential Attributes
- » Overview of Legislative Requirements
  - » Overview of Issues Identified to Date
  - » General Discussion (Issues/Concerns, Q&A, Strategies to Address Issues/Concerns, Points of Consensus)
- 12:30-1:30 Lunch (*provided at Forum*)
- 1:30-3:00 The Certification Program: Discussion of Key Considerations and Potential Attributes, *Cont.*
- 3:00-3:30 Break
- 3:30-4:30 Accreditation Body(ies): Discussion of Key Considerations in the Designation
- » Overview of Legislative Requirements
  - » Overview of Issues Identified to Date
  - » General Discussion ( Issues/Concerns, Q&A , Strategies to Address Issues/Concerns)
  - » Points of Consensus
- 4:30-5:00 Wrap Up & Close of Session

### Tuesday, December 11

- 9:00-9:15 Recap of Monday & Overview of Tuesday

- 9:15-10:45 Discussion of Key Considerations in the Selection of Preparedness Standard(s)
- » Overview of Legislative Requirements
  - » Overview of Issues Identified to Date
  - » General Discussion (Issues/Concerns, Q&A, Strategies to Address Issues/Concerns, Points of Consensus)
- 10:45-11:00 Break
- 11:00-11:30 Discussion of Key Considerations in the Selection of Preparedness Standard(s), *Cont.*
- 11:30-12:30 Lunch (provided at Forum)
- 12:30- 2:00 Discussion of the Business Case for Preparedness & Potential Incentives
- » Overview of Legislative Requirements
  - » General Discussion
- 2:00 – 2:15 Break
- 2:00 – 3:00 Summary of Forum & Potential Next Steps

## **KEY DISCUSSION POINTS**

### **Welcome**

The Alfred P. Sloan Foundation:

- Extends a welcome to all
- Paula Olsiewski from the Foundation will provide an overview of the Foundation's goals and direction later today
- Actively working with many organizations to promote preparedness, welcomes others
- Provided funding for this Forum

### **Proposed Goals**

- To support a private sector led process to evaluate this legislation and the certification program it calls for.
- To learn from each other's perspectives
- To identify issues and concerns
- To identify potential strategies to address them where possible
- To identify potential areas of consensus – where possible

### **Assumptions**

- This is likely one of many such efforts across the private sector and does not presume to be the only effort
- There will most definitely be a diversity of opinion on many issues – the private sector is a diverse spectrum.
- Consensus will not be reached on all relevant issues at this forum – this is the early part of a process.
- Getting issues out on the table is a vital part of any constructive effort – certainly a vital part of potentially reaching any ultimate consensus.

### **Key Ground Rules**

- We will be asking for participant direction throughout the forum.
- Discussion will be facilitated to promote a diversity of input and constructive exchange.
- All comments are not-for-attribution.
- We will be taking notes for background purposes to capture key concepts for potential future research outputs

### **About InterCEP**

- Academic Research Center Dedicated to Private Sector Preparedness & Corporate Resilience

- The Alfred P. Sloan Foundation Funds InterCEP Research on Incentives for Business Preparedness, including:
  - Mitigating legal liability, supply chain, insurance, rating agency
- Research Focus on the Linkage of “What” & “Why”
- Future Roles for InterCEP regarding the voluntary certification program:
  - No intention of becoming an accrediting body
  - No intention of becoming a certification body
  - Continuing role in education and research.

## **Overview of New Law**

The preparedness accreditation and certification program is designed to:

- Provide a method to independently certify the emergency preparedness of private sector organizations including disaster/emergency management and business continuity programs.
- Be voluntary
- Engage key stakeholders to participate in the development of the program
- Be administered outside of government by third party organizations with experience / expertise in managing and implementing voluntary accreditation and certification programs.
- Designate one or more preparedness standards. Standard NFPA 1600 is referenced as example.
- Integrate/recognize existing industry efforts, standards, practices and reporting in this area.
- Give special consideration to small businesses.
- Protect proprietary and confidential information of companies.

DHS has four basic tasks in establishing the program:

1. Designate one or more organizations to act as the accrediting body to develop and oversee the certification process, and to accredit qualified third parties to carry out the certification program
2. Separately designate one or more standards for assessing private sector preparedness
3. Provide information and promote the business case for voluntary compliance with preparedness standards
4. Monitor the effectiveness of program on an ongoing basis

## **Overview of Generic Accreditation/Certification Program**

What is Voluntary Organizational Certification?: *A historical perspective*

- Uniform method to assess an organization, regardless of its size, location or complexity
- Acknowledgment that the current state of organization's program/operations meets a designated standard(s)
- It is not a personnel certification
- A structured, straightforward process for voluntary certifications with over 20 years of history, refinement
- Verification conducted by qualified, independent third party with confidentiality built in

*Figure 1: Generic Template for Accreditation/Certification Scheme Based on Existing Voluntary Programs in Quality and Environmental Management*



## **Key Considerations and Potential Attributes of the Certification Program**

General discussion topics included the following:<sup>2</sup>

### About the purpose of this forum

- To inform the decisions of DHS
- To help and provide guidance to others to all that are not participating in the forum.

### Important to widen the circle

- To include property management organizations (BOMA, Real Estate Roundtable)
- To include resilient community stakeholders
- SHRM, Red Cross, etc. should also be included.
- Others across the full spectrum of the private sector

### Is it really voluntary, or is it first-stage regulation?

- The program must be market / private sector driven
- Driver should be meeting customer needs
- Need to avoid us vs. them culture of division between public and private sectors.

### Government considerations

- Concern about expanding government footprint / ultimately becoming regulation
  - ‘Avoid being the SOX of preparedness’
- Additional resources are required for full implementation
  - ‘Unfunded mandate’
- There is a need for wider outreach, education and awareness

### Getting the program up to speed

- Challenge
  - Can’t come up to speed immediately – need to create ‘a plan to create a plan’
- Strategy: Learn from earlier programs
  - Common standard approach with sector specific guidelines
  - Scalable, timeline of milestones/step process
  - Potential self-attestation, initially
  - Success stories (poster children) to market
  - Initial emphasis on companies already proficient – early success stories
  - Individual targeted grants / tools to key communities

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<sup>2</sup> All points referenced in this summary proceedings do not necessarily reflect any agreement (except where indicated), but rather specific topics addressed by various participants.

- Process could start with large companies which then over time mentor smaller companies
- Realistic timeframes for developing internal cultures of preparedness
- Methods for measuring success will also be critical

Need to ensure that the program effectively promotes business preparedness

- Changing business environment year to year
- The standards also change, and the program should adapt
- There is a need for continual improvement
  - Maturity Model – need for continual improvement
  - Benchmarking / Gap Analysis
  - Link to corporate strategy/objectives
  - Focus on process
- The danger is that once certified, a company might not progress farther and could lose organizational support for current operations
- At the same time, ‘not every company needs to be bullet proof’
- Individual businesses will always have different levels of risk tolerance

Different operational risks tend to be dealt with in different silos

- The certification program may present opportunity to cut across these silos
- This opportunity is compelling from a corporate governance perspective

Many regulatory requirements already for some businesses

- The program must credit / integrate existing business reporting requirements
  - But to the extent that current business operations meet or exceed program requirements...
    - Should certification be automatic?
    - Alternatively, should certification be reciprocally credited in meeting other reporting requirements?
  - How do you prevent redundant auditing?

How to accommodate small businesses?

- Challenges/ Issues
  - Cost of compliance
  - Concern about third party certifiers, would prefer first or second party certification
  - Lack of motivation/understanding of the need for preparedness
  - The program should support small- to medium-sized enterprises (SME) growth models since, SME’s often want to become larger.
- Strategies
  - Small businesses should have their own distinct approach under the program

- Consider baseline approach for compliance
- Scalability of standard / certification levels
- Step-process over course of time
- Value chain interdependencies
- Mentoring
- Common documentary products (e.g., everyone using the same self-assessment forms, check lists, etc.)
- Marketing and education

Should critical infrastructure be separated out?

- Possibly set a higher threshold for certification
- Explore sector specific considerations
- There may be a need for certification regardless of business size based on criticality

Legal Issues

- Challenges
  - Concerns about “involuntary negligence”
  - Concern about discoverability of internal assessments of preparedness
- Strategies
  - Carefully write any policy to emphasize the voluntary nature of the program
  - There may be liability involved as well if corporations do not undertake assessments of preparedness

The program should be widely applicable

- Measurement/Taxonomy
  - Need for common metrics
  - Importance of common terminology
  - Needs to integrate with other operational standards
- Strategies
  - Start with one standard and then adjust to local requirements
  - International standard approach

The program should accommodate existing corporate preparedness efforts

- Performance / outcome orientation to program should be adopted
  - Different means to the same ends

Need to identify and promote business incentives

- Challenges / Issues
  - No single incentive may provide a silver bullet

- Insurance companies need info on what works and does not
- Strategies
  - A tributary approach should be considered whereby the certification program helps to bring together multiple individual incentives to justify funding of business investments in preparedness
  - Develop separate workflows for each incentive area (e.g., insurance, supply chain management, rating agencies, legal, etc.)
    - E.g., RIMS may help shepherd one with insurance industry
  - Economics of business continuity should inform investments in preparedness
  - Business impact analysis (BIA) can inform the level of insurance coverage
  - Business continuity planning (BCP) can lead to business process improvements
  - Program may support increased / improved employee morale and retention

#### Complexity of standards / certification process

- There is a wide variety of existing standards
- The certification program must be relatively simple
- Need to explore a common framework approach that focuses on core ‘elegant’ elements

#### Need to explore different certification options

- There are varying levels of need for ‘confidence’ in a business’ preparedness program
- First, second, third party certification options should be considered
- Program must be supportive of first and second party assessment
  - “Well informed” declarations of conformity
- Third party certification may be last resort
- Challenges
  - Do SME’s have the competency and resources to self assess?
- Strategies
  - Consider parallels in OSHA’s voluntary protection program (VPP)
  - Appropriate tools are critical

Certification Program Design and Operation: In view of the above discussion themes, participants generally recognized that the program should support:

- First, second and third party assessment
- Sector specific resources/focus where appropriate
- Varying levels of “complexity” in the planning and assessment process? (esp. for small business)

## **Key Considerations in the Designation of an Accreditation Body(ies)**

### Key excerpts from the legislation include:

- “Not later than 210 days ..., the designated officer shall enter into one or more agreements with a highly qualified nongovernmental entity with experience or expertise in coordinating and facilitating the development and use of voluntary consensus standards and in managing or implementing accreditation and certification programs for voluntary consensus standards or a similarly qualified private sector entity to carry out accreditations and oversee the certification process.”
- “...A selected entity shall manage the accreditation process and oversee the certification process...” [Title IX, Sec. 524 (b) (3) (A)]

### The role and purpose of accreditation: Participants discussed accreditation in terms of:

- ‘A three-layer cake’ [see Figure 1 above]
- Audit knowledge + subject matter expert knowledge will be important
- An accrediting body can bring quality and oversight to the certification process

### Designation of an Accrediting Body: Participants generally recognized that:

- DHS should seek to identify any organizations interested in possible designation as an accrediting body for the program, possibly via an RFP
- ANAB (ANSI partnership) has indicated an interest in this regard.
- The accreditation effort should seek to build upon existing processes/structure of quality and environmental voluntary certification efforts and consider the application of the maturity model approach as appropriate.

## **Key Considerations in the Selection of a Preparedness Standard(s)**

### Key excerpts from the legislation include:

- “The designated officer in consultation with [other private and public sector representatives]...shall adopt one or more appropriate voluntary preparedness standards that promote preparedness, which may be tailored to address the unique nature of various sectors within the private sector, as necessary and appropriate, that shall be used in the accreditation and certification program...”
- ...after the adoption of one or more standards ... may adopt additional voluntary preparedness standards or modify or discontinue the use of voluntary preparedness standards for the accreditation and certification program, as necessary and appropriate to promote preparedness.

Should a “maturity model” approach be considered?

- Such an approach could potentially support a step-by-step process of progressive improvement.
- Such an approach could also potentially address the diverse levels of current practice in this area across sectors and firm size.
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Designation of Preparedness Standard(s): Participants generally recognized that:

- A diversity of opinion exists regarding the optimal number of standards to be designated
  - Single standard to reflect existing U.S. focus on NFPA 1600 and facilitate efforts of early assessors
  - Multiple standards reflective of a set of common core elements to allow for flexibility within a framework
- Simplicity in application should be the goal
- The international nature of business operations should be considered.

**Business Case Considerations**

Key incentive areas for business preparedness include:

- Business survival/maintenance and recovery of critical operations
- Corporate agility / resilience in volatile business environment
- Supply chain
- Insurance
- Rating agency
- Legal liability mitigation – Safety Act
- Corporate governance
- Grants
- Tax advantages
- Shareholder Expectations
- Competitive Advantage
- Value Creation
- Potential financing credit
- To be ahead of legislative curve
- Reputation

Considerations:

- Look to lessons from corporate social responsibility (CSR) business case

- Ease of implementation / resources available
- Incorrect perception of likelihood of risk
- Lowering cost of managing risk
- General awareness of business case
- Competing/conflicting corporate responsibility priorities
- Testimonial – esp. those that hit close to home, focusing on human aspect
- Corporate community engagement & mentoring
- Public/Private partnership
- Need for self-care / personal responsibility
- Community resilience

#### Potential Strategies

- Develop separate workflows for the integration of ‘incentive stakeholders’ perspectives into the certification program
- Leverage safety inspections to promote preparedness
- Leverage insurance relationships for preparedness information distribution to businesses
- Leverage local organizations / information sharing between local organizations
- Awards and recognition

#### Business Case for Preparedness: Participants generally recognized that:

- The full spectrum of incentives and considerations should be considered in further evolving and communicating the business case for preparedness
- Separate working groups should be formed to focus on the integration of potential incentives into the voluntary certification program.
  - Each working group should focus on a particular incentive area and include key stakeholders from that area.

#### **Overall Forum Summary & Next Steps**

- Private sector needs to continue to lead the discussion of key issues and considerations relevant to the voluntary certification program
- Government needs to take action on its key responsibilities under the legislation in consideration of private sector inputs
- Incentive-area working groups should be an early focus of private sector stakeholder activity

*Note: InterCEP encourages readers of this document and other stakeholders to contact us on an ongoing basis with questions, comments and suggestions relevant to the certification program development process.*

**International Center for Enterprise Preparedness, New York University (NYU)**  
113 University Place, 9<sup>th</sup> Floor, New York, NY 10003  
+ 1- 212-998-2000 (t) + 1-212-995-4614 (f)