Small Business Information Security: The Fundamentals

by Bob Bengel, NWIRC President/CEO

For years, large businesses in the United States have been actively pursuing information security with significant resources, including technology; people; and budgets. However, the hackers and cyber-criminals are now focusing more of their attention on less secure, small businesses. As a result, it is critical that each small business appropriately secure their information, systems, and networks.

According to Symantec’s Internet Security Threat Report (April 2009), there were over 1.6 million new viruses and other malicious programs detected in the prior year. Many, if not most, of these viruses and malicious code programs are used by organized crime to steal information and make money by selling or illegally using that information.

While it is not possible for any business to implement a perfect information security program, it is possible (and reasonable) to implement sufficient security for information, systems, and networks that malicious individuals may go elsewhere to find an easier target.

The following ten actions are deemed “absolutely necessary” by the National Institute for Standards and Technology (NIST) for any small business to provide basic protection for its information, systems, and networks:

1. Protect information/systems/networks from damage by viruses, spyware, and other malicious code.
2. Provide security for your Internet connection.
3. Install and activate software firewalls on all your business systems.
4. Patch your operating systems and applications.
5. Make backup copies of important business data/information.
6. Control physical access to your computers and network components.
7. Secure your wireless access point and networks.
8. Train your employees in basic security principles.
9. Require individual user accounts for each employee on business computers and for business applications.
10. Limit employee access to data and information, and limit authority to install software.

Additional information may be found on the NIST Computer Security web page at: http://csrc.nist.gov or by contacting your NWIRC Business Advisor.

Expansion Fueled by Business Development Strategy

Kuhn Tool and Die has been a staple of the Crawford County, PA community for over 50 years. A second-generation family-owned business, the company has had steady growth and is a well-respected voice in the local manufacturing community. Starting—as many employers in the area—as one toolmaker in a garage, the company eventually moved into a facility on Davis Street in Meadville, PA. They added employees over the years and in late 2014 purchased a significantly larger facility in the Meadville area for expanded growth. With the help of the Northwest Industrial Resource Center (NWIRC) (Continued on Page 2)
Expansion (Continued from page 1)

in February, 2014, Kuhn Tool & Die completed a CoreValue business assessment and valuation. The Value Gap report indicated a need to review current strategic business priorities and develop a roadmap for the ongoing development of the business. Kuhn Tool continued working with the NWIRC for guidance and was connected with an affiliated consultant with expertise in the areas of sales, marketing, and strategic planning for manufacturers to assist in the process. The proposed solution included a full business development strategy which began with a SWOT (strengths, weaknesses, opportunities, and threats) Analysis. Then, working with the owners and key next generation team members, goals were set with a defined plan for moving forward. A review of the existing business noted strengths, core competencies, competitors and sales trends. Barriers and three to five year options were evaluated, then eight specific strategies were developed as opportunities for improvements. In addition to Key Performance Indicators, these strategies included growth; improved management and capabilities; investments in people; and sales and marketing. The end product was a comprehensive and actionable business development strategy that the company began to implement. Successful completion of this project provided the clarity needed for Kuhn Tool’s discussions pertaining to business expansion. As a result, they moved forward with their expansion project at a new facility which was completed in July 2015. Bonnie Kuhn, Vice President, said with months of careful planning and coordination they began their move to the new facility on July 7 and were up and running within two days. The biggest change for them is “of course the space,” she said. “We now have a huge waterjet room, storage for materials, and space to be more productive and efficient. We also now have room to grow.”

Anticipated results from this expansion include increased and retained sales, costs savings, job creation, and cost avoidance. Susan Hileman, NWIRC Strategic Business Advisor, stated that “CoreValue was the ideal launch-pad for evaluating the company’s current business and developing a plan for where they wanted to go.”

It has been an exciting year in other ways, as Kuhn Tool won the Governors’ Impact Award for Small Business in the Northwest region. They were nominated based on being an innovator within their industry and demonstrating increased revenue growth and workforce. Founded in 1963, Kuhn Tool and Die is a manufacturer of gauges and fixtures for the airfoil industry. With 20 employees, the company is in a very niche industry producing tools for customers who make blades and veins for aircraft jet engines and land-based applications such as power generators. As company President and Vice President, Ken and Bonnie Kuhn have a deep commitment to the business, to their employees, and to the Meadville community where they live. They believe in providing good jobs, with good pay and benefits, and work to ensure they provide quality products. Management’s belief in treating employees with respect and reinvesting in their skills and equipment means low turnover. “The NWIRC has played an integral part in efforts to clarify our business goals and develop a good strategy specific to our business objectives. This is a do-able strategy which we believe will help our business grow and gain new customers over the next several years,” said Bonnie Kuhn.

Kuhn’s Facebook post on July 7, 2015 said it all, “Tomorrow marks the beginning of a new home for Kuhn Tool. Room to grow and continue to provide quality fixtures and gages for our customers. We look forward to exceeding customers expectations at our new 41,615 square foot facility.”

CYBERSECURITY SERIES

NWIRC continues a 4-part series of articles by guest writers who are experts in various areas of cybersecurity.

Part 2: Cyber Liability Policy: Protecting Yourself from a Breach

By Alexander J. Domino. AAI
Domino Insurance Agency
Most manufacturers today rely on some sort of network system to run their day to day business, which varies from using email applications to shop floor automation. Interruption of these systems or compromised data can be costly to remedy and affects future revenues. Secure infrastructures and policies are typically established to prevent breaches, however it’s difficult to guarantee 100% protection, as seen in the cases of Sony, Home Depot, and Target. Systems and data are an asset, so it’s important to insure against costs of future damages just as you would a home or car.

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Cyber Liability Policy

There are basically two types of cyber liability coverage. First-party coverage insures your own company and systems. Third-party limits provide coverage when a cyber situation affects others, such as employees, clients, or vendors.

First-party coverage focuses on systems and data. Common expenses include:

- loss of digital assets (e.g., cost of repairing systems, reconstruction of data)
- business interruption expenses to remedy the situation
- loss of income while systems are down
- customer notification and credit monitoring
- forensic investigation
- public relations

Third-party coverage focuses on security and privacy. Common expenses include:

- Legal defense for loss of confidential information (including employees and others)
- Settlements and damages related to use of electronic media
- Regulatory fines and penalties
- Crisis services

A cyber liability policy may also include sub-limits for cyber terrorism (groups like anonymous are being considered cyber terrorist by some countries) and cyber extortion (hacker who locks a network and demands ransom). While cyber terrorism situations are less common, cyber extortions are on the rise, small businesses are targets for this type of crime because they are less secure.

The policy costs are dependent on many factors, including the extent of your network security and risk management plan. The broker will negotiate the best rate with the insurance carrier considering aspects such as: 1) doing business outside of the U.S., 2) use of remote access and mobile devices, 3) established cybersecurity risk management plan, 4) business continuity plan, 5) security protocols and physical controls, and 6) type of stored data, as well as others. A broker can be an extension of your risk management team in helping you develop plans for prevention which in turn affords a better policy rate.

The CoreValue Top 10

by Susan Hileman, NWIRC Strategic Business Advisor

All business owners want to be more successful—more profitable! The fundamentals of growth include developing a business strategy and there are many tools, books, and online articles out there which provide guidance for getting this done. Sometimes simple is better.

CoreValue is a business assessment software tool which analyzes and values business operations. The assessment includes gathering team feedback within 18 key areas—9 internal and 9 external. Here’s the top ten benefits of using this tool.

1. Quantifying your gears. Think of your business as an engine. Evaluate how the gears inside your business engine work together to drive future profits.
2. Realizing operational value. Learn the value of your business in all 18 key areas.
3. Aligning key managers. After completing the process, there is buy-in from managers on current business status and plan for future growth.
4. Identifying strengths and weaknesses. Uncover areas for improvement to ramp-up the competitive edge.
5. Customizing reports. Create a business portfolio with facts and figures to clearly illustrate your business goals.
6. Exiting recommendations. If you’re looking forward to retirement, specifics are provided for areas to grow and add value for getting the best price for your business.
7. Purchasing insight. When buying a business, awareness of improvements required will provide the biggest bang for the buck.
8. Daring to compare. Receive a rating based on a comparison to thousands of other companies across the country within your NAICS Code.
9. Guiding advisor. NWIRC business advisor provides onboarding, training, and consultation.
10. Affording the tool. An easy, online software tool that fits your budget.

For more information on how CoreValue can foster your business growth, contact a NWIRC Business Advisor.

A Word of Thanks

Manufacturing Day is designed to change perceptions and demonstrate exciting career paths for our youth. Thank you to all the companies in our region who opened their doors to future manufacturers on October 2nd.
YOUR STRATEGIC BUSINESS ADVISORS

If you have questions, or would like to speak with someone from NWIRC about services, please contact your Strategic Business Advisor:

**Tom Weible**
814.590.5202
Cameron, Clarion, Clearfield, Elk
Jefferson, McKean & Potter Counties

**Susan Hileman**
814.572.2077
Crawford, Forest, Mercer & Venango Counties

**Ed Barthelmes**
814. 923.3084
Erie & Warren Counties

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**UPCOMING EVENTS**

**Principles of Lean**
**October 27**
**Location: Corry**
Participants learn the principles of lean and experience case study applications. Simulation exercises are also used to reinforce lean concepts such as batch-size reduction, visual signals, and standardized work.

**Arc Flash Safety**
**October 28**
**Location: St.Marys**
This half-day program will cover OSHA regulations pertaining to NFPA 70E, arc flash hazard assessments, electrical hazards and potential injury, safety related maintenance requirements, protective equipment, employee responsibilities, and more.

**Value Stream Mapping**
**November 3**
**Location: Corry**
Gain knowledge of this powerful, insightful and enabling Lean tool which produces a detailed map of material and information flow, from raw materials at entry points, through operational processes, and then to exit points as a finished product.

**ISO/TS 16949 Audit**
**November 3**
**Location: St.Marys**
During this 3-day training, participants will develop skills for identifying non-conformance and promoting continual improvement within their service or manufacturing organizations.

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Don’t miss: Morning Huddle- Navigating from Peachtree, Quickbooks, or Excel to ERP on October 6.

For more information or to register for training, visit www.nwirc.org