

Ready for Anything

Plan to Stay in Business



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BUSINESS CONTINUITY GUIDE FOR BUSINESS OWNERS



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I. Introduction and Overview

The purpose of this plan is to improve the odds that your company will not fail because of a disaster.

Your company has responsibilities to its owner(s), stockholders, customers, employees and possibly regulatory agencies to ensure the continuity of business operations.

In the event of a business outage or disaster this responsibility continues to exist.

Business Continuity is an 'umbrella' term with two major components. First: Contingency Planning consists of all actions taken PRIOR to an actual incident. This includes Business Impact Analysis, Physical and Insurance Risk Assessments, Risk Mitigation, Plan Development and Plan Exercises or testing. Second: Disaster Recovery Plan Implementation occurs only AFTER an incident that causes you to declare a disaster and implement your plan.

Business Continuity programs have three key elements and the business owner three key responsibilities. They are:

1. Developing, documenting and testing your company's recovery plans containing specific information pertinent to the recovery of your operations under various scenarios.
2. Reviewing, understanding, accepting the service plans of your PC support, communications and other equipment vendors and ensuring they can that meet your business needs in an acceptable timeframe.
3. Reviewing, understanding, accepting the recovery plans of critical vendors and suppliers and ensuring that they can meet the needs of your business in an acceptable timeframe.

The term "disaster" may convey the impression that all disasters and their effects are similar and therefore that only one set of guidelines is needed. But all inclusive, step by step instructions cannot be written to cover all types of disastrous situations. Therefore, most plans are developed for the worst-case, 'survivable' scenario - an earthquake or hurricane would be good examples, nuclear war would not.

By planning for the worst case scenario, we believe that you will in all probability be prepared for any lesser event. You need to be flexible however. Should a disaster occur, some of the specific courses of action in your plan may need to be modified to fit the actual circumstances.

It is important to understand that recovery planning is a continuous process, and not a project with a finite end. Recovery plans are "living, breathing" documents that continually need review and revision as situations and personnel change as explained in Step 11.

Purpose

The purpose of your recovery plan is to guide immediate response to, and subsequent recovery from, any unplanned business disruption. This document provides an overview of the assumptions, requirements and strategies to recover critical operations rapidly and effectively and to minimize the number of decisions necessary following such an event.

Goals and Objectives

The goal of any plan is to present a course of action that will accomplish the following objectives:

Customers

- Minimize impact to customers.
- Preserve flow of goods or services under adverse situations.
- Meet or exceed customer expectations.
- Keep the customers you have.
- Provide a competitive advantage over other suppliers.

Finances

- Minimize impact to revenue.
- Minimize adverse impact to owners and/or shareholders.
- Minimize the financial cost of recovery.

Reputation

- Protect owners and managers against legal actions.
- Enhance public image with employees, shareholders, regulators, and competitors.
- Meet due diligence expectations of auditors, regulators and the public.
- Maintain a high reputation, even in the face of crisis.

People

- Ensure the safety and security of associates, contractors, or visitors.
- Provide a stable work environment after business interruption.

Operations

- Ensure the effective and timely resumption of operations.
- Enable personnel to support critical operations with minimal disruption and degradation of service.
- Reduce any conflict, confusion, or indecision as a result of the disaster or emergency.

Scope

The scope of any recovery plan is limited to identifying the most important, logical courses of action to be followed in the event of a disaster affecting the capabilities of your company.

Some groups advocate a plan for every possible disaster. Others advocate a one size fits all 'All Hazards' plan. We feel that this six scenario approach covers most of the incidents you might face. Of course flexibility is needed. Should a disaster occur, some of the specific courses of action recommended in this document and your plan may need to be modified to fit the actual circumstances. In Section IV you will see the assumptions behind each scenario.

Out of scope are day-to-day disruptions to operations that can be expected as they are best handled by normal responses, procedures and processes.

Recovery Time, Strategy and Cost

There is a relationship between recovery time, strategy and cost. In general the shorter the Recovery Time Objective (RTO) the higher the cost.

One plan cannot fit all needs. Likewise it is not useful to develop plans for each and every possible disaster situation. Best practices call for business units to develop plans to address six key scenarios:

1. Inclement Weather
2. Single Site Disaster
3. Regional Disaster
4. Technology Failure
5. Critical Vendor/Supplier Unavailable
6. Mass Absence

The table below offers strategies to match these scenarios.

Strategies	Inclement Weather	Single Site Disaster	Regional Disaster	Tech. Failure	Vendor or Supplier Unavailable	Mass Absence
Do Nothing	X	X	X	X	X	X
Work at home	X	X		X	X	X
Go to another building in same area		X		X		
Go to a building in another city	X	X	X	X		X
A building comes to you	X	X	X	X		
Rebuild your building		X	X			
Split Operations – Same City		X		X		
Split Operations – Different Cities	X	X	X	X		X
Wait	X			X	X	X
Alternate Vendor(s)					X	
Manual Processes				X		
Cross Training	X	X	X			X

Definitions

Maximum Allowable Downtime (MAD) – The longest time that your company can be closed and not go out of business. This item will be determined in part by how long your business can survive with no income as you draw upon savings to get back into business and how long it will take your insurance company to get you a settlement check after you make your claim. It can be measured in days, weeks or months.

Recovery Time Objective (RTO) – How soon you want to be back in business. This time frame should be less than your MAD. This item can contain several elements. One for each of your critical functions (See Establishing Priorities below.) and an over all one for when you want to return to normal operations. Usually measured in days or weeks.

Recovery Point Objective (RPO) – How old the data you start recovery with before you begin processing lost work/transactions. If you do a complete back up of your data weekly on Saturday and your building and data are destroyed on Friday then by default your RPO is one week. You should know for planning purposes whether you will recreate the lost transactions or write them off as lost business. Don't forget your 'work in progress' which may include paper you've received but not yet entered into the computer (i.e. mail, undeposited checks or progress forms.) If these documents are lost or destroyed, how will you recover them? Accept the loss or ask the senders to resubmit it? Usually measured in hours or days.

Service Level Agreements (SLAs) – Any written agreements with customers or vendors specifying measurable commitments to provide goods or services under normal conditions. These do not as a rule address whether they can be lengthened because of a disaster. In short, if you've committed to a certain production level, say 100 widgets per day to some customer, then you will be held to that delivery amount whether or not you've had a disaster at your production facility. If you can't make your delivery quota you may be subject to a penalty. Only exception is generally an 'Act of God' and this clause has been held to be not applicable to disasters caused by humans – (i.e. bombs, errors, fires, work place violence, etc.)

Disaster Recovery Service Level Agreements (DR SLAs) – Service levels you or your vendor can commit to during a disaster situation.

Establishing Priorities

In general, a person can live 3 minutes without air, 3 days without water and 3 weeks without food. In Appendix B of the plan you will enter the names of your 'CRITICAL' functions along with their Priority and RTO for each function.

Function Name	Priority – Air, Water or Food	RTO in Hours, Days or Weeks
e.g. Take Orders	Air	1 day
Make Product	Water	2 days
Ship Product	Water	2 days
Accounts Receivable	Water	3 days
Accounts Payable	Food	1 week

Additional Recovery Supporters

Your business also depends on a number of people who may be available to support your recovery efforts. Your plan has a starter list in Appendix E. Please add any others you feel are appropriate to your plan - Accountant, Attorney, Leasing Agent, Insurance Agent, PC/Communications Vendors, and Ad Agency etc.

Items You Will Need to Restart Your Company

You will need a number of documents to restart your company. Your plan has a starter list in Appendix G. Please add any other items you feel appropriate to your plan: inventory of property, pictures of your premises before and after the incident, legal documents, insurance papers, employee lists, customer list, vendor list, inventory of work in progress, PC back up data stored off site, vital records stored off site, and any licenses you may need to provide.

Before You Build Your Plan

Before anything ever happens to your business you need to do the following:

1. Determine how long it will take you to get back in business after a single site disaster, and then decide...
Can you afford to NOT complete this plan?
2. Take pictures of your place of business and equipment for insurance purposes.
3. Take an inventory of all your equipment and furnishings.
4. Gather originals of your insurance policies, all documents you will need to restart your business and any special forms or licenses you use in your business.
5. Back up your PCs/Server regularly, and make sure you know how to restore your data on new equipment. All data stored offsite should be encrypted and secured. If you store data onsite it should be in a fire and water resistant safe.
6. Store the items gathered above offsite. See note below.
7. Review your insurance coverage to make sure you are covered for what you think you are.
8. Conduct a risk assessment of your building and the surrounding area to see what threats are in your own backyard.
9. Gather the data needed to complete this plan.

Note: Items should be close enough to be retrieved easily but far enough away so that the storage place is not affected by the disaster. This may be difficult in the case of regional disasters. If you have advanced notice take them with you. A safe deposit box is safer but home storage will do as long as it is not also your place of business.

After You Complete Your Plan

1. Train your people on your emergency response procedures and this plan.
2. Hold a tabletop exercise with your key personnel so they know how to use it if you're not there.
3. Keep copies of this plan in your office, at home, with your offsite restart materials, and in your primary use vehicles.

II. Eleven Steps – A High Level View

Step 1 Emergency Response

Step one deals with the safety of your employees, contractors, customers, vendors, visitors, or anyone else who might legitimately be on your site. They may 'shelter in place' in the event of a tornado or they evacuate the building in the event of a fire. In addition, if any of the above have special needs be sure to assign individuals to assist them.

Step 2 Notification & Mobilization

After the emergency response step is over you will need to communicate with your employees, customers, vendors, and others in order to either mobilize them to support your recovery efforts or inform them of the situation. See Appendices B, D, and E. In your plan you will also choose primary and secondary assembly locations.

Step 3 Damage Assessment

If everything has not been destroyed and after receiving permission to safely reenter your location, you will need to conduct a damage assessment to determine what, if anything, is salvageable using Appendix H.

Step 4 Disaster Declaration

Disasters are 'declared.' You have two choices, declare a disaster and implement your recovery plan, or continue to use your present location if it is usable and begin to make repairs. You may choose to act under one of the following scenarios.

1. Immediate Declaration – Immediately declare a disaster if it is obvious via casual observation that the damage is sufficiently extensive that operations cannot be resumed at your present location. Proceed to Step 5.
2. Declaration After Assessment – Declare a disaster after your damage assessment if you determine that you cannot continue to conduct business at your current site. Proceed to Step 5. In either case, call your insurance agent(s) and advise them you are making a 'formal' disaster declaration then proceed to Step 5. Note: a 'formal' disaster declaration may be required to activate your Business Interruption policy if you have one.

If you can continue to conduct business at your current site, even in a degraded fashion, then you do not declare a disaster. Make your insurance agent(s) aware you'll be making a claim and then begin to make repairs and move to Step 6.

Step 5 Implement Your Plan

You implement your plan after declaring a disaster. If you declare a disaster, determine which of the six scenarios apply and operate under that plan. See Section IV.

Step 6 Repair Your Facility or Relocate

Should your facility be only partially damaged but still functional, it is in your best interest to begin repairs as soon as possible and continue to do business. If it is not repairable then you will need to relocate. In either case you start by contacting all vendors who can assist in the restoration of your place of business. See Appendix E. Be sure to keep track of all losses or additional expenses to file with your insurance companies.

Step 7 Return to Normal Operations

When your site has been restored, or rebuilt, and reopened, you should notify customers, vendors, suppliers, etc., then move on to step 8.

When the primary site has been restored or rebuilt and operations have returned to normal:

1. GATHER all recovery related expenditures, estimated losses and additional operating expenses.
2. NOTIFY all appropriate parties of your return.
3. DECLARE the 'Disaster' at an end.
4. CELEBRATE your company's survival.

Step 8 After Action Report

Immediately after operations return to normal, you should prepare a report on the incident. The purpose of this report is to learn from your mistakes to facilitate your insurance claims, and if necessary, to defend yourself in court.

It is critical that you carefully document your actions during and after the incident in order to protect yourself and your company.

Yours will be the only 'complete' record. All other reports will only capture part of the incident and may overlook some critical action you took to mitigate damages or the situation.

This report should contain:

1. A chronology of events. See Appendix A – Log of Events.
2. An analysis of each affected area.
3. An assessment of the effectiveness of the recovery efforts.
4. Lists of the following:
 - a. All deaths, injuries.
 - b. All assets lost (i.e. buildings, equipment, fixed assets, etc.).
 - c. All known expenses incurred as a result of the disaster.
 - d. All additional expenses.
 - e. All known revenue losses incurred as a result of the disaster.
 - f. All known customers lost as a result of the disaster.
 - g. All reports (submitted or outstanding) to regulatory agencies.
 - h. All citations/fines resulting from the disaster and all remedial actions taken.
 - i. The number and dollar value of insurance claims to be filed.
 - j. All known pending or possible legal actions resulting from the disaster.
5. A root cause analysis of the incident causing the disaster.
6. A plan for mitigating future occurrences for the same type of incident if appropriate.
7. Suggested improvements to facilities, processes or plans where cost effective.
8. Proposed updates to your recovery plan.

Step 9 File Your Insurance Claims

Having kept track of your losses and additional expenses, finalize your claim(s) with your insurers.

Step 10 Update Your Plan

Update your plan taking into account the lessons learned in Step 8. Make any changes to your plan based on what you and your team have learned from this experience.

Step 11 Maintain Your Plan

In order for your plan to stay viable you need to do the following.

Every 6 months*

1. Update your plan every 6 months or after any significant change in personnel, vendors, customers or equipment. This is especially important for employee data. Pay special attention to changes in contact numbers and email addresses. Be sure to review Appendices: B through H.
2. Add contact information for new employees and train them on the emergency response procedures and the plan.

Once a year*

1. Exercise your plan. The purpose of the exercise is to determine any areas that need improvement. A table top exercise is just that: sitting around a table and talking through one of the scenarios to make sure your people understand the plan and that you all believe it will work as written. Where it does not meet expectations, update your plan accordingly.
2. Review your insurance coverage(s) and update your policies as necessary. Be sure to keep original policies off site.
3. Take new pictures and update your inventory. Store this offsite.
4. Contact your critical vendors to make sure that they have recovery plans in place so that they can recover from disaster at their site. If they don't have written plans, consider adding additional vendors to lower your risk.
5. Try to restore some data from your offsite backups to your PC system to make sure the backup data is readable and that you or your vendor can actually do this if needed.
6. Ensure the documents you need to restart your business are up to date and stored offsite along with vital records. Also, ensure sufficient quantities of forms are available to keep you operational until new stock can be obtained.

Every 2 years*

1. Update your insurance assessment and physical risk assessment document checking for any significant change. If there are changes update your insurance coverage(s) and your plan.

* Or after any significant change in procedures or processes

III. General Assumptions, Exposures and Team Leader Duties

General Assumptions

The following general assumptions apply to all scenarios. Specific scenario assumptions appear in Section IV.

1. Business recovery is not “business as usual.”
2. Only ‘Critical’ operations will be recovered and will initially provide degraded levels of service.
3. You should consider whether or not during the disaster you will solicit ‘NEW’ business or will you focus on serving ‘existing’ customers only.
4. Your recovery plan is complete and current, including all forms and inventories.
5. Regular effective plan exercises have been conducted with the full support of management.
6. Plan maintenance, review and updates have been performed on a regular basis to ensure a viable state of readiness.
7. Information backup/rotation procedures (for paper, fiche, film, and optical and electronic media) are performed, verified and stored off site far enough away so as to not be affected by the disaster at the site. In addition, any previously identified exposures have been rectified.
8. Supervisory managers should be able to contact their direct reports at work, at home, by pager and/or cell phone and email.

Exposures

In spite of your best planning efforts your company still faces some unavoidable exposures.

1. All associates may not be able to participate at time of disaster due to family responsibilities.
2. Transportation routes into or out of the city or to your site may be shut down.
3. Backup data at the storage facility may not be accessible.
4. A contracted recovery site (if there is one), due to an unfortunate circumstance of their own, may not be able to provide sufficient facilities/equipment.
5. Equipment or parts needed for recovery may no longer be available.

Team Leader Duties

Team leader duties under all scenarios are generally the same and are listed below. Feel free to add other duties as you see fit. Your Team Leader could be the owner, shop foreman, office manager, etc. Make sure it is someone who is reliable and has the ability to remain in control during an event. You should also have an alternate team leader in case the leader is not on site when the incident occurs.

1. **ACTIVATE** the team upon declaration.
2. **SUPERVISE** recovery operations.
3. **BRIEF** employees, vendors and customers on any developments and the situation as appropriate.
4. **ESTABLISH** a duty roster for team members to conduct operations.
5. **ORDER** supplies and equipment as necessary to operate under this plan.
6. **ENSURE** that all recovery related expenses are captured for insurance purposes.
7. **VERIFY** that appropriate parties are informed and kept up to date.
8. **MONITOR** all recovery related expenditures, and the total cost of recovery.
9. **REPORT** status to employees, customers and vendors as appropriate.

IV. Specific Scenario Assumptions and Information

Assumptions

Assumptions	Inclement Weather	Single site disaster	Regional Disaster	Technology Failure	Vendor Down	Mass Absence
Site destroyed or damaged?	No	Yes	Yes	No	No	No
Did you get anything out?	Yes	No	Maybe	N/A	N/A	N/A
Can you go back in?	Maybe	No	Maybe to No	Yes	Yes	Maybe
Local Area affected?	Yes	No	Yes	No	No	Yes
% of people available?	70%	70%	30%	100%	100%	60% to 70%
PCs & Comm available?	Maybe	No	No	No	Yes	Yes
Infrastructure available?	Limited	Yes	Maybe to No	Yes	Yes	Limited
Off site storage available?	Maybe	Yes	Maybe	Yes	Yes	Maybe
Expected Duration?	<5 days	1 day to weeks	Weeks to months	<1 to 3 days	Depends on RTO	Up to 8 weeks

1. Inclement Weather

Definition: Any short term interruption due to weather.

Expected Duration: 1 to 5 days.

Possible Causes: Snow, Ice.

Strategy: Try to get to work if safe to do so. Otherwise close the facility, work from an alternate site or work at home if appropriate.

2. Single Site Disaster

Definition: Any incident that affects only your place of business, or you and a few immediate neighbors.

Expected Duration: 1 day to several weeks depending on damage.

Possible Causes: Fire, Burst Pipe, Tornado.

Strategy: Work at alternate site or at home if possible until you can repair, rebuild or relocate.

3. Regional Incident Disaster

Definition: Any regional incident that affects businesses over a wide area.

Expected Duration: Several days to several weeks or even months depending on disaster severity.

Possible Causes: Hurricanes, Power Outages, Flood, Wild Fires.

Strategy: Close for the duration of the event. Work from an alternate location afterward if possible. If the site is destroyed repair, rebuild or relocate.

Note: After Hurricane Katrina many companies took six months or longer to get back in business.

4. Technology Failure

Definition: The failure of a key piece of equipment. (i.e. PC, server, remote data processor, communications provider or manufacturing equipment, etc.)

Expected Duration: <1 day to 3 days.

Possible Causes: Equipment Failure, Power Surge, Cable Cut, Human Error.

Strategy: Use manual work arounds and forward calls to cell phones until PC/communications are restored.

5. Critical Vendor/Supplier Unavailable

Definition: Any incident that affects the ability of a critical vendor to supply you with goods or services.

Expected Duration: 1 day to several weeks.

Possible Causes: Single site or regional incident at their location, work stoppage.

Strategy: Buy inventory from another source or wait for vendor to resume operations.

Note: If a vendor is critical to your operations you should ask about THEIR recovery plans and Recovery Time Objectives before something happens. You should also consider expanding your choices to include multiple vendors so you are not dependent on just one. If one of your critical vendors has a disaster that affects you find out when they plan to resume operations, take action to secure additional inventory or services and then notify your customers as appropriate.

6. Mass Absence

Definition: Any time employee, customer or vendor absences are higher than 'normal'.

Expected Duration: Several days to 8 weeks.

Possible Causes: Work Stoppage, Civil Unrest, Worse than average flu season, Pandemic.

Strategy: Identify your single point(s) of dependency then select an alternate person or persons to be trained in that function.

Note: According to the World Health Organization, during a Pandemic you might experience up to 40% absenteeism for two weeks out of an eight week pandemic cycle. Before any absences identify any employee who is a single point of dependency - that is the ONLY person who knows that particular function at your company. In addition you may be required to close your business by the local authorities, depending on the situation, especially if you are in an area where the public gathers – i.e. malls, restaurant, sporting venues.

Single Point of Dependency	Alternate	Train by Date
e.g. Accounting - Jane	Bill	3/1/11

7. Other Scenario?

If you would like to define a specific scenario not listed above please do so here.

Definition: Define your scenario.

Expected Duration: Define its expected duration.

Possible Causes: Define the possible causes.

Strategy: Identify your recovery strategy or strategies.

V. Appendices in Your Plan

- Appendix A: Log of Events – This form is used to keep a record of your actions and requests of others and their responses and commitments to you. You may also want to list your losses and additional expenses for later use to file your insurance claims and complete your after action report.
- Appendix B: Employee Contact List – List your employee’s contact information here or attach a print out containing the data.
- Appendix C: Critical Functions – List your critical functions, their priority and the desired recovery time objective.
- Appendix D: Customer Contact List - List your customer contact information if appropriate, or attach a print out containing the data.
- Appendix E: Vendor Contact List - List your vendor contact information here or attach a print of containing the data. Be sure to list both vendors who supply you with goods and services on a regular basis and those you might need at time of disaster.
- Appendix F: Minimum Equipment Needed to Recover Your Business – The key word here is MINIMUM. Either use this form or attach a list from your inventory system.
- Appendix G: Items You Need to Restart Your Business – These are different from the equipment listed in Appendix F. Here we are referring to items such as : pictures of your property you took before the disaster, property inventory, legal documents, licenses, insurance policies, and any data backups and copies of vital records and speciality forms all of which should have been stored off site.
- Appendix H: Critical Equipment Assessment and Evaluation Form – Fill out this form or attach an inventory listing any critical equipment you may need to do a damage assessment on if your facility is not completely destroyed.