

BUSINESS CONTINUITY GUIDE FOR SMALL BUSINESSES

INTRODUCTION

Organisations that have a business continuity capability are far more likely to survive the effects of a major incident than those that don't. Two major incidents in Manchester alone serve to highlight this. The Manchester city centre bomb in 1996 had a devastating effect whilst a tunnel fire, again in Manchester, left many businesses without any communications for nearly a week.

Think about the effects on your customers and business if your building caught fire. What might the effects be of another fuel crisis, a major utilities failure such as loss of power or the effects of severe weather conditions including floods? What if your neighbours' building suffered a major fire that resulted in you having no access to your offices for days, possibly weeks? All of these events could have an impact on the survival of your business. If you're unable to satisfy your customers' needs then how confident are you that they will wait for you to recover? Sympathy and loyalty will last for only so long. Being prepared is the name of the game. Your plan needn't be complicated and doesn't have to cover every eventuality or every business process, just those that are most critical.

Whether you are a large 'corporate' or an SME (Small to Medium Sized Enterprise) the ability to respond swiftly and effectively to a major incident has never been more important.

A high percentage of businesses affected by a major incident either never re-open or close within 18 months. It is essential that you have a Business Continuity Plan in place and your employees are aware of it. A continuity plan fits in with your business so it need not take a lot of time to complete. This guide should help you write your own continuity plan.

Useful Web Sites

Annex A lists some useful sites that give further advice and guidance on business continuity.

DEMYSTIFYING RISK ANALYSIS

Businesses are operating in a world full of risk and uncertainty, yet identifying and managing risk is still often poorly understood. Most companies will survive if they ensure risk management is central to their business ethos and updated in line regularly with their business plan and mission. Any number of incidents can bring businesses grinding to a halt, and simply getting back up and running is not where it ends. For this reason, when planning for serious incidents like fire and flood it is critical to look beyond the basics. Effective business continuity planning should look at every possible impact on the business, from stock losses, impaired transport and communication links to damaged customer relationships. For small businesses, the impact of the potential risks mentioned is likely to be more destructive as the majority operate in specialised markets and any short interruption to normal business can have a disproportionate effect – totally halting output and letting customers down. In addition, it is more difficult to absorb the financial impact of business interruption, making it hard to recover even after returning to normal operations.

FREQUENTLY ASKED QUESTIONS

What is business continuity planning?

Put simply, business continuity is about anticipating the crises that could affect a firm and planning for them, to make sure that the business can continue to function in the event of an emergency.

What is a business continuity plan?

A Business Continuity Plan sets out clear roles and responsibilities, for example those assigned to manage all liaison with customers, employees and the emergency services. It lists a series of contingencies that enable key business activities to continue in the most difficult circumstances, such as when a vital computer system or other equipment is unavailable. Importantly, it also details clear emergency procedures to ensure that the safety of employees is a top priority.

Because it requires an assessment of all critical areas of a firm, business continuity planning is a valuable management tool.

Why should small firms care about business continuity planning?

Business success is as much about protection as growth. In an uncertain world, that means creating a business with the flexibility to prosper in changing conditions and strong enough to survive should a disaster strike. The ability to withstand serious incidents like flooding and fire, and quickly re-open for 'business as usual' is critical. There is also the commercial benefit to consider, as companies with business continuity plans are more attractive to do business with. For example, large businesses that rely on the outsourced services of third parties will prefer to work with suppliers who have a Business Continuity Plan in place.

How does business continuity planning differ from a disaster recovery plan?

Disaster recovery plans traditionally focus on the IT recovery of the business such as tape backup systems, storage systems, and hot sites.

A Business Continuity Plan will address all the requirements essential to keeping the business running and includes processes to keep disruption to customers and employees to a minimum. In short, it is about ensuring that a crisis is managed effectively before it escalates to a disaster.

Isn't my business too small to have a business continuity plan in place?

Protecting the future of a business whatever the size has to be the number one priority for every business leader. The smaller your business the more important it is to have a contingency plan in place. Any incident, no matter how small is capable of impacting your business and profitability. The size of any continuity plan will depend on the risks facing each business – it will be as large or small as needed.

Doesn't it cost a lot of money to implement continuity planning?

It does not need to be a costly exercise. The continuity plan will fit your business as it accounts for your key risks and outlines how your company will manage them. Planning for the future is essential in any business, the price of not doing so could be a lot higher than many companies anticipate. At Annex B there is an example of a Business Continuity Plan for you to refer to when drafting your own.

SMALL BUSINESSES

The main objective of the plan is to recover all business critical processes and minimise the impact for your employees, customers and your reputation. Implementing a plan is essential to every business, but many don't know where to start. It requires careful preparation and planning. Appointing a business continuity project manager, who will ensure that a Business Continuity Plan is created, developed and maintained is the best approach.

The business continuity project manager's role is to ensure all the steps outlined in this guide are followed and the plan is updated on a regular basis.

Step one: Basic emergency procedures

Before you begin work on a Business Continuity Plan check that you have in place the following emergency procedures. Please note: these are all part of essential Health and Safety Legislation and are a legal requirement for any UK business. It is essential that all businesses have and follow basic emergency procedures to ensure safety at all times:

Make certain your employees understand the evacuation procedures

Make sure your employees really know what to do if a fire breaks out

Ensure your employees know what to do if a colleague is injured

The key to a sound emergency procedure is clear process, roles and responsibility and employee awareness. In the case of evacuation, a clear evacuation process should be in place, with team members from each department given responsibility for ensuring a smooth and orderly process. All employees must receive training on your defined processes, with regular updates and refresher courses on this. It is also important that your workforce know where to access a 'guidelines and procedures' document to ensure that they are always fully aware of what is expected of them.

Spending time developing a Business Continuity Plan will not only increase the likelihood of your survival from a crisis or business interruption, but will also ensure the safety and protection of your biggest asset, your people.

Step two: Define your disasters and assess your risks

It is vital to remember that a disaster could happen to any company – no matter the business size, be it a multinational company or a small business. Before looking at risks in individual areas of the business, it is important to determine what would constitute a disaster. In simple terms, a disaster is an incident that has serious consequences for the business.

Common small business disasters include:

- Fire/flooding
- Computer/telecoms failure
- Key equipment failure
- People issues such as illness/resignations/maternity leave
- Denial of access to the premises
- Product defects
- Bomb/terrorism threat
- Legal/regulatory action
- Utilities failure.

It is critical that you understand the disruptions that would be disastrous to the running of your business when writing your plan. Take the time to identify all the risks your business faces and then rank them in order of likelihood and importance.

Step three: Secure your business, bit by bit:

Thoroughly assessing the disasters that could threaten your firm will give you a clear idea of the business areas that are most important to secure. Usually, these will be the areas on which your business relies the most, and which are exposed to the greatest degree of risk. This is the most important part of your plan. The following check points are essential when writing this stage of your plan. You need to systematically go through each of the following areas and take a practical approach to tackle each of the threats that your business may face. Follow the same process for each:

Assign ownership

Identify threats and resources

Develop contingency plans and policies.

Premises and key equipment

Clearly, your premises are fundamental to your business. So much so that you probably take them for granted. But have you ever considered the long-term impact that damage to or destruction of your premises would have on your business? The same applies to business critical machinery. If a vital piece of equipment is destroyed, damaged or stolen, what impact would it have on your business? Ask yourselves the following questions:

Would you be able to inform your employees and customers of disruption to the business?

What would happen to customer orders due during the time that your premises were closed?

Would you be able to make alternative arrangements for regular orders, to keep loyal customers happy?

People

The loss of key people and injury to employees is a risk that many businesses overlook. In the end, the success of any company is determined by the skills of its people. Your people are your most valuable asset. Think about how your business would cope in these situations:

If three members of your team went to work for your major competitor, how would your business survive?

If several key female employees went on maternity leave around the same time – who would cover for them?

Are there provisions in place for post incident counselling in your work place?

When was the last time you reviewed health and safety procedures in your work place?

From product development to production, sales, marketing, finance and management, every company can identify a set of key people without whom its operations would be severely disrupted.

Key people – Identify people that are critical to the immediate operation of the business and work hard to reward, challenge and protect them

Skill sharing – Make sure that specialist skills are not held by just one person. Develop understudies and teams of specialists so people can step into specialist roles at least temporarily should the need arise

Keep an eye on local competitors – If they are recruiting, make sure your people in relevant positions are happy

Assess workplace risks – Identify employees that are exposed to particular risk of injury and ensure they are equipped with and use relevant safety equipment and procedures. Ensure that all employees are aware of workplace hazards and follow good safety practice.

Protect your employees and your business – Employers' Liability insurance is a legal requirement in the UK. It will enable you to pay for medical treatment and compensate your employees should the worst happen.

IT/Telecoms

These days, most businesses rely on computers to some extent. Some companies may only use them for accounting and email, but others base their entire business on them. Telephone systems are equally important.

The chances are that most companies would soon find themselves facing a disaster if computer or telecom failure was not properly planned for and managed. To be ready you must ask yourself the following:

Would your business still function if your computer or telephone systems were unavailable for three days?

Would you be able to contact your customers?

Would it hold up production?

What alternative arrangements would you be able to make and how long would it take?

What could you do to make certain you have access to vital data, even if your computer system is destroyed?

If your computer systems are stolen could sensitive information fall into the wrong hands?

What would happen if your competitor got hold of sensitive information?

Are your computer systems robust?

The Business Continuity Plan will ensure you are prepared for the worst situation that would keep your business from being operational. Review the plan at least every six months. Check to see the plan include all the correct contact details for employees, suppliers etc.

The environment

The experience of recent years has clearly illustrated the impact that natural disasters can have on business. Flooding in the south of England, the Midlands and Yorkshire has affected thousands of firms, putting many out of business. Climate change is likely to have other impacts on business. Increased green taxes for instance could have a significant impact on heavy manufacturers, whilst water shortages and rising bills could put pressure on a wide range of firms.

Would your business survive a serious flood?

How would electrical circuits, computer systems, stock and machinery be affected?

How long would it take to recover from a flood? How would you keep customers happy and pay your employees in the meantime?

Some businesses were out of action for over twelve months following flooding in 2002. Would your creditors be patient for that long?

Are you up to date with environmental legislation that could affect your business and increase costs over the next few years?

How reliant is your business on a large and relatively inexpensive water supply?

Businesses should familiarise themselves with changing EU legislation which will affect employers over the next 10 years. Here are a few examples of legislation that could have an impact on your business:

Directive on the Physical Agents (noise): This is an EU Directive which was enacted in the UK in February 2006 and introduces new Noise at Work Regulations with lower noise exposure limits. The new regulations apply to businesses previously outside the scope of the existing legislation, e.g. the leisure industry including pubs and clubs. These businesses have to conduct noise assessments and record the results – as well as issue hearing protection to all employees affected

New Work at Height Regulations: This legislation was introduced in 2005 to stem the rising toll of deaths from work at height. Work from ladders is a prominent feature in these regulations and certain new requirements have been introduced curtailing activities such as work involving ladders

EU regulatory framework for chemicals: The European Commission adopted this proposal on 29 October 2003. Under the proposed new system called REACH (Registration, Evaluation and Authorisation of Chemicals), companies that manufacture or import more than one tonne of a chemical substance per year would be required to register it in a central database. The proposal is being considered by the European Parliament and the EU's Council of Ministers for adoption under the co-decision procedure. This legislation would therefore affect SME's who use chemicals (particularly in the manufacturing sector)

New Disability Legislation: Failure to make premises disabled-friendly in accordance to the 1995 Disability Act. With some 200 disability-access groups monitoring compliance, firms will need to take their responsibilities seriously. There are simple steps small firms can take to show they are complying with the legislation – changes required by the act include widening doors for wheelchairs, introducing ramps and hand-rails, and providing disabled-friendly lavatories.

Thoroughly assessing the disasters that could threaten your firm will give you a clear idea of the business areas that are most important to secure.

Step four: Writing your own Business Continuity Plan

The Business Continuity Plan will ensure you are prepared for the worst situation that would keep your business from being operational. The plan only need include the business processes that are most critical to keeping your company running. For this reason the plan has been presented in a generic form so it can be adapted as needed. To assist you to write you're the plan a sample Business Continuity Plan is included. As a plan of this kind is tailored to suit your business please remove and add sections as needed. It is to be used as a reference point to help get you started.

Here is a checklist of items to include in any Business Continuity Plan:

Business continuity project manager's name and contact details
Structured management team that will make the key decisions

Contact details to enable the team to be brought together
Nominated control centre as a meeting point
Identification of business critical processes
Details of how a recovery would be phased
Telephone divert arrangements
Emergency contact number for employees to obtain the latest information
Resource requirements (people, work area, IT, telecommunications)
Details of recovery resources
Contacts for internal and external agencies committed to supporting the recovery efforts
Address of the recovery site
Contents and storage location of a disaster pack
List of key customers, suppliers, third parties and their contact details
Comprehensive team cascade list
Details of the vital records' store containing backup computer data and any critical paper records held off-site
Network diagrams and other technical information
Precautions to be taken in the event of an incident.

Step five: Test the plan

Once the plan has been agreed it should be communicated to your team/teams. This will expose any flaws in the plan and will also ensure all the roles and responsibilities are understood. It is worth completing a test simulation of the plan to ensure its smooth running if the time comes to use it.

Step six: Regularly update the plan

Review the plan at least every six months. Check to see that the plan includes correct contact details for the recovery site, vital records, suppliers and the team.
Distribute the plan to all people assigned responsibility and advise them to keep copies off site. You can also use your team meetings to remind all employees of the process to follow.

Start now

The essential safety net for any organisation is a Business Continuity Plan. Investing the time and energy in the short-term will benefit your business in the long run.
The message is simple – it's never too early to take steps to assess your business risks and set the internal recovery procedure. Make your plan as detailed as your business needs it to be and take the time to communicate this with your team. Regularly review the plan in tune with the changing needs of your company. A well thought out Business Continuity Plan will adapt to any incident or crisis for your company. This guide is written to help you do exactly what your business needs, to be ready to recover at any time.

ANNEX A

Related web sites:

A Guide to Business Continuity Management from the Business Continuity Institute website (PDF) <http://www.thebci.org/London%20Firsts.pdf>

A Guide to Developing a Business Continuity Plan from the AXA website (PDF) <http://www.axa4business.co.uk/resources/files/BizContinuityGuideT1404.pdf>

Business tips on surviving a disaster from the London Prepared website (PDF) http://www.londonprepared.gov.uk/business/lcc_disaster_recovery.pdf

Guidance on IT disaster prevention from the BSI website (PDF) http://www.bsi-global.com/Small_Business/DB/IT1DISAS.pdf

The Five Steps to Risk Assessment from the HSE website (PDF) <http://www.hse.gov.uk/pubns/indg163.pdf>

A guide to minimising insurance risks from the Institute of Directors website (PDF) http://www.iod.com/intershoproot/eCS/Store/en/images/IOD_Images/pdf/in3min.pdf

ANNEX B

Business Continuity Plan Framework

Insert Corporate logo

Insert name of company

Business Continuity Plan

Date: _____

Version _____

Introduction

Distribution List

Copy Number	Name	Location
001		
002		
003		
004		
005		
006		

If you have any suggested changes to this plan, please notify

References and related documents

Document Title

Aim of this Plan

To prepare this business to cope with the effects of an emergency.

Objectives

- To define and prioritise the Critical Functions of the business
- To analyse the emergency risks to the business

- To detail the agreed response to an emergency
- To identify Key Contacts during an emergency

Business Impact Analysis

Critical Function:	
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Affect on Service:

Time	Affect on Service:
First 24 hours	<ul style="list-style-type: none"> • • •
24 – 48 hours	<ul style="list-style-type: none"> • • •
Up to 1 week	<ul style="list-style-type: none"> • • •
Up to 2 weeks	<ul style="list-style-type: none"> • • •

Resource Requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
24 – 48 hours			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
Up to 1 week			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
Up to 2 weeks			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •

Business Impact Analysis

Critical Function:	
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Affect on Service:

Time	Affect on Service:
First 24 hours	<ul style="list-style-type: none"> • • •
24 – 48 hours	<ul style="list-style-type: none"> • • •
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Up to 1 week			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
Up to 2 weeks			<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •

Critical Function Priority List

Priority	Critical Function
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

This list can be used during an emergency to assist your decision making when compiling an Action Plan as to which function needs to be reinstated first.

Hazard Analysis Table

Risk Matrix Score

A = HIGH Likelihood and HIGH Impact

B = LOW Likelihood and HIGH Impact

C = HIGH Likelihood and LOW Impact

D = LOW Likelihood and LOW Impact

Hazard	Impact	Mitigation in Place	Mitigation possible	Risk Matrix Score
Flooding	• • • •	• • • •	• • • •	
IT Failure	• • • •	• • • •	• • • •	
Loss of electricity	• • • •	• • • •	• • • •	
Fire	• • • •	• • • •	• • • •	
	• • • •	• • • •	• • • •	
	• • • •	• • • •	• • • •	
	• • • •	• • • •	• • • •	

Emergency Response Checklist

For use during an emergency

- Start a log of actions taken:

- Liaise with Emergency Services:

- Identify any damage:

- Identify Functions disrupted:

- Convene your Response / Recovery Team:

- Provide information to staff:

- Decide on course of action:

- Communicate decisions to staff and business partners:

- Provide public information to maintain reputation and business:

- Arrange a Debrief:

- Review Business Continuity Plan:

Date _____

Log Keeper _____

Time	Message From/To	Information / Decisions / Actions	Initials