Business Continuity Management

Who knows what tomorrow may bring... Is your business prepared?

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CLEVELAND LOCAL
RESILIENCE FORUM

INTRODUCTION

WOULD YOUR BUSINESS SURVIVE IN A CRISIS?

During a major incident such as flooding, fuel shortages or pandemic illness:

- **25% of businesses never reopen**

- **80% of businesses that don't recover within one month go out of business**

- **75% of business that don't have a Business Continuity Plan go out of business within three years**

Reference: Business Continuity Institute – 'The Time is Now'

Power failure, loss of IT or even criminal acts such as theft or vandalism can have a massive impact on a business' ability to deliver key products and services. Being unable to meet customers' demands can significantly damage a business' reputation and future trading.

It doesn't matter if your business is small or large, the affect of being unprepared for an emergency could be catastrophic, so planning for the continuity of your business is essential.

What is Business Continuity Planning?
We all know that during a major incident or disaster the emergency services will respond to rescue us, keep us safe and work hard to make sure the incident doesn't get any worse. That's a great help during those early stages, but what happens when they leave and you have to find ways of getting your business back on track? What if something happens that only effects your business and doesn't require help from the emergency services?

Business Continuity Planning is a process of anticipating the things that could affect a business and developing strategies and solutions to mitigate a disruption and support a business to continue some form of trading or operation. These strategies are then formulated into a **Business Continuity Plan.**

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WHY SHOULD I PRODUCE A BUSINESS CONTINUITY PLAN

Let's look at some scenarios:

You go to work tomorrow and a significant number of staff call in sick having caught a flu virus which makes them unable to work for at least one week. Can your business cope with losing more than one member of staff or several members of staff at the same time? Do you have a plan in place to continue operating?

Tomorrow the facilities manager informs you that, due to strong winds the evening before, the roof of the building has become unsafe and no-one can access the building until the roof has been made safe, this could take several days.
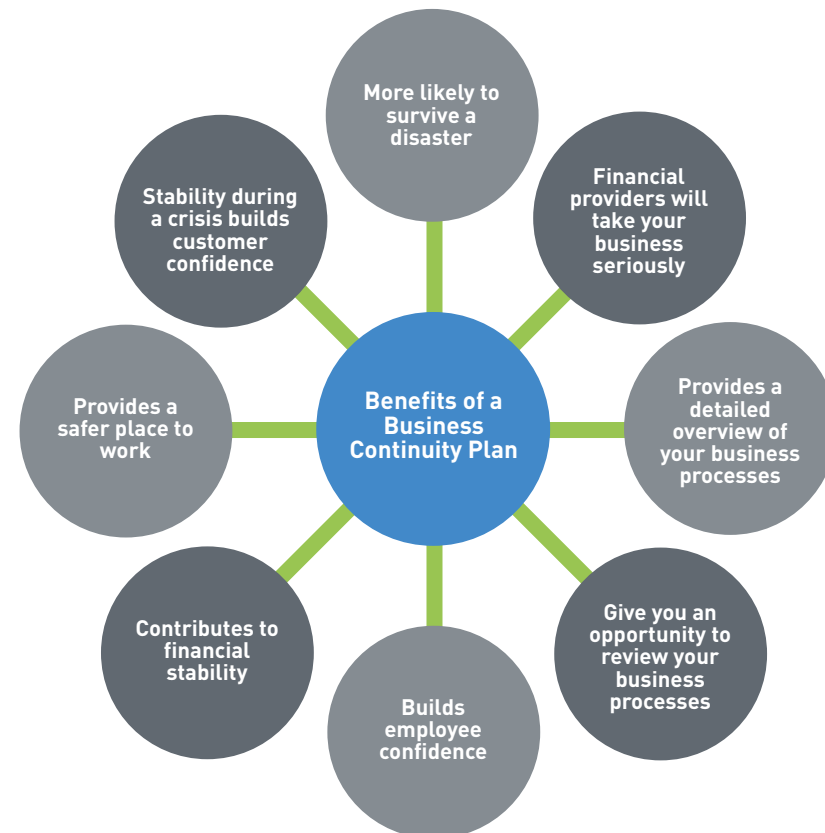
Can you cope with losing part or all of your business premises and everything that is inside of it? Have you identified alternative premises? Can your staff work remotely or from home?

Half way through your working day you lose power; the provider informs you that they are suffering a major disruption to their network. Though they are currently working on the fault they don't as yet know when they will reconnect you. Do you have a back-up generator? If so how long will it last? If not how will you continue operations without power? What impact will this have on stock/production?

Due to a fuel strike one of your key suppliers is unable to distribute their product to you. No one knows how long the strike will last. Do you have a secondary supplier that can provide you with what you need? How long can you manage without deliveries from key suppliers? How will you continue to supply your own customers?

If you are unsure about the answers to any of the questions above it is likely that you would benefit from developing a Business Continuity Plan.

Benefits of a Business Continuity Plan:
- More likely to survive a disaster
- Financial providers will take your business seriously
- Provides a detailed overview of your business processes
- Give you an opportunity to review your business processes
- Builds employee confidence
- Contributes to financial stability
- Provides a safer place to work
- Stability during a crisis builds customer confidence

EXAMPLE: SUPPLY CHAIN DISRUPTION

Integral Aluminium provides aluminium to **Lighting Columns Ltd** and **Bleep Bleep Parts**

Lighting Columns Ltd produces street lighting columns from various metal products, including aluminium, which they supply to local authorities across the North East. Bleep Bleep Parts manufacture small aluminium mobile phone parts which they supply to two major mobile phone manufacturers in the UK. During a routine inspection of their furnaces Intergral Aluminium discover a major fault which will take approximately three weeks to fix. They have enough stock to supply their current customers for four days, after this there will be a four week delay in any more aluminium being delivered.

AN UNPREPARED BUSINESS RESPONSE

Lighting Columns Ltd Response:
Dave Jones, Managing Director, called an emergency meeting with his management team to discuss how the issues at Integral Aluminium would affect their business. The findings of the meeting were:

- During the process to procure an aluminium provider the team found that they could get a better deal if they sourced all aluminium from one provider. Integral Aluminium is therefore their sole provider of aluminium.
- 70% of current orders are for aluminium based products. 30% of these contracts are due to be delivered on within the next three weeks, one of these contracts has a financial penalty if the company does not deliver within a certain time frame.
- Taking into consideration the current stock of aluminium and the stock that Integral can deliver in the next four days, the company can meet just 65% of its current contracted demand.

Taking into consideration the information he has been provided with, Dave Jones instructs his procurement team to try to source aluminium from other suppliers. Unfortunately most alternative suppliers are already committed to their current customers and cannot fulfil Lighting Columns Ltd's orders, those that can supply cannot do so in the given time frame.

Dave is left with no other choice than to contact his customers and delay delivery of his products. One customer agrees to the delay, another customer accepts the delay but indicates that they will move forward with the financial penalty stipulated in their contract, the third customer has an alternative provider in place that can fulfil the order on time and therefore cancels the order with Lighting Columns Ltd. Lighting Columns Ltd did not regain the business that they had lost.

A PREPARED BUSINESS RESPONSE

Bleep Bleep Parts Response:
When applying to provide parts to the two major mobile phone manufactures Bleep Bleep Parts had to prove that they had a Business Continuity Plan in place. At the time they didn't have a plan in place but, as it was a requirement of the tender process, they soon produced one.

When working through their Business Continuity Plan they realised that aluminium supply was a weakness in their business; to make this area more resilient they decided that they would source their aluminium from three separate suppliers so, if there was a disruption with one supplier, they had two others they could fall back on.

This strategy proved to be a wise choice when Integral Aluminium became temporarily unable to provide aluminium. As soon as Bleep Bleep Parts received notification from Integral Aluminium that there would be a delay in the delivery of their aluminium supply they contacted their two alternative suppliers who were able to increase their orders in a relatively short space of time.

This meant that, despite losing one of their key suppliers, Bleep Bleep Parts did not suffer any disruption to their business and were able to continue to meet the demands of their customers.

EXAMPLE:
FLOODING DISRUPTION

Bennett Cakes and **The Beauty Boutique** are both small businesses located on a riverside High Street. Being next to the riverside, High Street is prone to flooding.

Tim Bennett and his wife Mary emigrated from Australia and were unaware of the area's reputation for flooding before setting up their business. Alice Jones, owner of The Beauty Boutique, was aware that the location of her business was in a flood risk area but decided that the location was just what she wanted for her business; it was a popular area with high footfall and the scenery was picturesque which would add to the ambiance of her business. She felt that she would be able to put a plan in place to limit the affect of flooding on her business. As the Bennett's were unaware the area flooded they had no such plan in place. Prolonged heavy rain caused the river to burst its banks and High Street to flood.

The Beauty Boutique
Alice is signed up to the Environment Agency's Flood Warnings Direct service, therefore she received a text alert notifying her that there was a flood warning in place for her area. She has a supply of sandbags in her storeroom so her and her staff began to protect doorways and other points where water tended to come into the building. They also moved valuable items to the upstairs treatment rooms.

When setting up her business Alice had decided that all the expensive equipment would be located on the first floor to protect it from any possible flood. Tasks that didn't require expensive equipment, would be located on the ground floor. She also purchased travel kits for her staff so that, if for whatever reason her staff could not operate out of the shop, they could offer home visits to their clients.

Before leaving the shop before the flood hit, she instructed her staff to take printed versions of their appointment lists for the next 2 weeks, client contact lists and their travel kits as she expected they wouldn't be able to carry out their work in the shop for at least a week.

The next day Alice returned to High Street to find that some of her neighbors had been badly affected by the flood. In comparison her shop had been relatively unaffected. Water had got into the building but only to a depth of approximately 2 inches. Her business would be closed for around 3 - 5 days but her staff were prepared to deliver home visits to clients that requested it during this time, of which there was a 70% take up. In 3 weeks her business had fully recovered.

Bennett Cakes Flood Response:
Whilst chatting with customers about the bad weather one lady commented that she expected that High Street would flood again. Following this Tim Bennett enquired with neighbours who had already started to prepare themselves for flooding.

Mary and Tim began moving what they could upstairs but most of the heavy cooking equipment, located on the ground floor, could not be moved. They had no flood defence equipment so had to borrow what others could spare and could only protect one door to their shop.
The next day they arrived to a catastrophe at their shop.

There was 13 inches of water inside their shop and a lot of their expensive heavy equipment was damaged. The water had seeped into electrical sockets which caused the electricity to cut out and as a result they lost power to their refrigeration systems and all perishable goods were ruined.

Repairs to the equipment needed to be carried out by specialists and it would take up to four weeks for parts to arrive and repairs to complete. As there had been flood water in their premises they could not prepare food until a deep cleanse of the premise had been carried out. Also the electricity could not be restored until the walls had completely dried out; this was to take at least 6 weeks.

The Bennett's could not meet their large orders which made up the majority of their business, instead they had to sell much smaller cakes out of their delivery van which helped them cover their overheads in the short term. It took 12 months to fully recovery and get sales back up to pre-flood levels.

The next sections of this guide will help you to produce your own Business Continuity Plan. Here you will be provided with information on the planning process and templates which you can use to help you get started. All templates are available at www.clevelandemergencyplanning.info/business

BUSINESS CONTINUITY MANAGEMENT LIFECYCLE

A good place to start is 'The Business Continuity Lifecycle' which provides a process for you to work through. It may look complicated but it's actually very simple and can easily be adapted to any business.

The Business Continuity Lifecycle begins with Policy and Programme Management. This is your Business Continuity Policy; how will you apply Business Continuity Planning principals to your business and what processes will you go through to implement, control and validate your Business Continuity Plan

Analysis
Review and assess what your business objectives are, how it functions and the environment in which it operates. Then look at how these elements could go wrong and prevent you from meeting your business objectives. For example if you buy products from another business to sell, you could be impacted by that business' inability to deliver products to you.

You can do this by carrying out a Business Impact Analysis (BIA). There is more information on this and a template for you to work through later in this guide.

Design
Identify and select appropriate strategies to determine how your business will continue and/or recover from the interruptions you have identified in the analysis stage. So, if your regular supplier failed to meet your order for whatever reason, have you identified, in advance, a secondary supplier.

Implementation
Putting in place the agreed tactics identified in the 'Design' stage of the process. Having identified a secondary supplier, implementation could be setting up a business relationship with them.

Validation
Testing your business continuity plan to see if it works and other employees know how and when to implement it. This could be as simple as sitting round a table and discussing the plan as a team. You could also check telephone numbers, email address etc in your plan to make sure they are still valid.

Once you have produced and validated your plan, so you know it works, you need to Embed it. Embedding is a continuous process that seeks to integrate your Business Continuity Plan into day-to-day business activities and the organizational culture.

BUSINESS IMPACT ANALYSIS

A Business Impact Analysis (BIA) identifies and documents:
- Your key products and services
- The critical activities required to deliver these
- The impact that a disruption of these activities would have on your organisation
- The resources required to resume the activities. Start the BIA process by making a list of all the functions that are critical for your business to operate at an acceptable level. Once you are happy with this list take each function individually and carry out the following steps. The BIA template below is available for you to download at www.clevelandemergencyplanning.info/business

Step 1: Carry out a Business Impact Analysis for each of your critical functions individually. Critical functions may be from various areas of your business so you may want to get different people to assess different functions so that they are carried out by the most knowledgeable and appropriate person

Step 2: Think about what impact the loss of that function would have on your business and plan it chronologically. It might be that if you lost the function in the short term there may be no significant impact but as time develops the loss may become more critical. Working out when a loss moves from being insignificant to critical is referred to as the critical function's **'Maximum Tolerable Period of Distribution'.**

In determining the Recovery Time Objective, you should:

- Take into account the confidence you have in the Maximum Tolerable Period of Disruption and whether on reflection it was too optimistic
- Ensure that you have built in a margin for unforeseen difficulties with recovery

Step 4: When you have carried out a BIA for all of your listed critical functions you should prioritise them in order of which is the most critical. When each function has been given its priority add it to it's BIA.

Step 3: Consider the resources that you require, chronologically, in order for you to bring that critical function to an acceptable operating function. It may be that you can not immediately get back to a standard level of functionality but you could get to a level that allows you to function at a basic level.

Critical Function					
BIA Owner					
Assessment Date		Review Date			
CRITICAL FUNCTION PRIORITY					
Impact on Business					
Time	Impact				
First 24 Hours					
24 - 48 Hours					
Up to 1 Week					
Up to 2 Weeks					
Requirements for Recovery					
Time:	People	Premises	Technology	Information	Suppliers & Partners
First 24 Hours					
24 - 48 Hours					
Up to 1 Week					
Up to 2 Weeks					

People
- What is the optimum number of staff you require to carry out your critical activities?
- What is the minimum staffing level with which you could provide some sort of service?
- What skills/level of expertise is required to undertake these activities?

Premises
- What locations do your organization's critical activities operate from?
- What alternative premises do you have?
- What plant, machinery, equipment is required at the premise?

Technology
- What IT is essential to carry out your critical activities?

Information
- What information is essential to carry out your critical activities?
- How is this information stored?
- What systems and means of voice and data communication are required to carry out your critical activities?

Suppliers & Partners
- Who are your priority suppliers/partners whom you depend on to undertake your critical activities?
- Do you tender key services out to another organization, to whom and for what?
- Do you have reciprocal arrangements with other organizations?

RISK ASSESSMENT

When you have completed BIAs for all your critical functions you can collate the information you have collected into a risk assessment to help you determine which hazards are the biggest risk to your business.
By assessing the risk to your business you will be able to prioritise your risk reduction activities.

The template below is available for you to download from www.clevelandemergencyplanning.info/business

Likelihood		Trivial	Minor	Moderate	Major	Extreme
	Very Likely	Medium	Medium	High	High	High
	Likely	Medium	Medium	Medium	High	High
	Moderate	Low	Medium	Medium	Medium	High
	Unlikely	Low	Low	Medium	Medium	Medium
	Rare	Low	Low	Low	Medium	Medium
		Trivial	Minor	Moderate	Major	Extreme
				Impact		

Step 1
Identify and document the risk to your organisation. These could include: Loss of staff, Loss of systems (IT and telecommunications), Loss of utilities eg water, gas or electricity Loss of, or access to, premises Loss of key suppliers Disruption to transport Information about some of these generic challenges can be found at www.preparingforemergencies.gov.uk/business/generic_challenges/index.shtm

Step 2
List the likelihood and impact of the hazard occurring

Step 3
List what arrangements you currently have in place to prevent or reduce the likelihood of he risk occurring

Step 4
List the additional arrangements that you could put in place to prevent or reduce the likelihood of the risk occurring

Step 5
Taking into consideration the information on your risk assessment give each hazard a risk score based on its likelihood and impact. A risk matrix like the one above is helpful in determining a risk score.

Hazard	Likelihood	Impact	Mitigation in Place	Mitigation Possible	Risk Matrix Score (Considering Mitigation)	Action Required
IT Failure						
Flooding						
Loss of Electricity						
Fuel Crisis						
Disruption in Supply Chain						

Step 6
Now you understand the risks you can make a decision on the level of action you should take in response to it. Your actions should fall into one of the following groups:

Treat Reduce disruption by including an action in your business continuity plan to ensure that activity continues at, or recovers to, an acceptable level within a stipulated time frame.

Tolerate You may decide that you are willing to accept the risk as the cost of implementing any risk reduction strategies outweigh the benefits.

Transfer The best response to a risk may be to transfer it; this could be done through conventional insurance. This is particularly good for mitigating financial risk or risk to assets.

Terminate In some circumstances it might be appropriate to change, suspend or terminate the service, product, activity, function or process. This option ought only to be considered where there is no conflict with the organisation's objectives, statutory compliance and stakeholder expectation. This approach is most likely to be considered where a service, product, activity, function or process has a limited lifespan.

BUSINESS CONTINUITY STRATEGY

Following the completion of your Business Impact Analysis and Risk Assessment you should have a good understanding for the critical activities that underpin the delivery of your organisation's key products and services.

Having determined the Recovery Time Objective for your critical activity you now need to develop a strategy to get these activities meeting these time scales. This is known as your Business Continuity Strategy. Your Business Continuity Strategy will detail the steps you will take to mitigate disruptions to your critical activities.

Below are some tactics that you can adopt to protect your resources, please be aware that this is not an exhaustive list.

PEOPLE
- Inventory of staff skills not utilised within their existing roles - to enable redeployment
- Process mapping and documentation - to allow staff to undertake roles with which they are unfamiliar
- Multi-skill training of each individual
- Cross-training of skills across a number of individuals
- Succession planning
- Use of third party support, backed by contractual agreements
- Geographical separation of individuals or groups with core skills can reduce the likelihood of losing all those capable of undertaking a specific role
- Roles and responsibilities of key staff during an emergency. You could produce role cards that staff can pick up and use during an incident as a checklist of activities they should be carrying out.

PREMISES
- Relocation of staff to other accommodation owned by your organisation such as training facilities
- Displacement of staff performing less urgent business processes with staff performing a higher priority activity.
- Care must be taken when using this option that backlogs of the less urgent work do not become unmanageable
- Remote working – this can be working from home or working from other locations
- Use premises provided by other organisations, including those provided by third-party specialists
- Alternative sources of plant, machinery and other equipment

TECHNOLOGY
- Maintaining the same technology at different locations that will not be affected by the same business disruption
- Holding older equipment as emergency replacement or spares

INFORMATION
- Ensure data is backed-up and it is kept off site
- Essential documentation is stored securely (e.g. fire proof safe)
- Copies of essential documentation are kept elsewhere

SUPPLIERS & PARTNERS
- Storage of additional supplies at another location
- Dual or multi-sourcing of materials
- Identification of alternative suppliers
- Encouraging or requiring suppliers/partners to have a validated business continuity capability
- Significant penalty clauses on supply contracts

STAKEHOLDERS
- Mechanisms in place to provide information to stakeholders
- Arrangement to ensure vulnerable groups are accommodated

Reference: The HM Government document 'Business Continuity Management Toolkit' which is available at www.gov.uk

PULLING TOGETHER YOUR BUSINESS CONTINUITY PLAN

The information you've collected in your Business Impact Analysis, Risk Assessment and Business Continuity Strategy will all form parts of your Business Continuity Plan.

Your Business Continuity plan should cover the following areas:
- An amendments page showing when you have reviewed and updated your plan
- An introduction stating why you have developed the plan and what you expect from it and from your staff in relation to it
- A distribution list showing who has received a copy of the plan
- Who owns the plan and is responsible for updating it
- Reference other documents that may be related to your Business Continuity Plan
- List the plan's aims and objectives
- Contact list for your response and recovery team
- Contact list for your essential suppliers and/or partners
- Staff contact list
- Role cards showing the activities that key roles should complete during an emergency or disruption to your business

There is a template Business Continuity Plan available at www.clevelandemergencyplanning.info/business

TOP TIPS AND FURTHER ADVICE

Understand Your Business: Operating during an emergency isn't about 'business as usual'; it's about finding a way to continue in extraordinary circumstances. To do this you need to understand your key business functions and what your most basic requirements are to continue at an acceptable, but reduced, level of productivity. This could be as simple as asking yourself what do your customers really value and what is their priority.

Remember to Look at Internal and External Risks: It's easy to think of external factors that may impact on your business because we'll have all experienced them at some point in our lives such as power cuts and leaks. The Cleveland Community Risk Register can also provide information on the risks that are present in the Cleveland area (visit www.clevelandemergencyplanning.info for more information). It's harder to imagine 50% of your workforce being taken ill all at the same time but, this could have a massive impact on productivity and your ability to fulfil contracts.

Plan for the Effects of an Incident Not the Cause: Different types of emergencies could all have the same effects on your business, for example a flood and a fire will cause damage to your premises that could prevent access for a long period of time. You should therefore plan for the effects of 'loss of business premises' rather than a plan for a flood and a plan for a fire.

Make Sure People Know About Your Plan and Get Buy-in: You may have a fantastic plan but if the people you work with don't know about it and how to use it then it's pointless. The people you expect to use the plan need to know, not only that it exists, but also what you expect their role and tasks to be during an emergency. Training people in what the plan entails is crucial to its success.

Test Your Plan: Testing your plan is crucial; it helps prevent you being caught out during a real incident. The best way to do this is to set a scenario and apply the plan to it; this can help by putting the plan into context. The more often you walk through your plan the more embedded it will become. The most important part of this is to implement any learning points.

Protect Your Information: Back up your data regularly and store copies of very important data, such as contact details for staff and insurers, off site. Ensure that paper documents, such as contracts and insurance certificates, are kept in fire resistant and waterproof storage.

Keep Up to Date Contact Lists: Think of people you may need to contact during an incident and make sure you have up to date contact information for them. You may include staff, contractors, suppliers, customers and your insurance company. You could include checking that telephone numbers are up to date by getting people to call them during an exercise.

Have an Emergency Pack: Your emergency pack could include contact lists, spare keys, petty cash, a first aid kit, high vis jackets, torches and other items relevant to your business. It should be located somewhere easy to pick up, and have several packs in different locations. These packs are really useful and will assist you to get up and running in the initial stages of an incident.

Alternative Work Arrangements: Develop flexible working arrangements, such as remote work capabilities, to ensure business operations can continue during disruptions.

Continuous Improvement: following any incidents consider the effectiveness of the response and identify areas for improvement, and use this feedback to update and enhance the business continuity plan

Cybersecurity Measures: Implement strong cybersecurity measures to protect against cyber threats. Regularly update and patch software to address vulnerabilities

The following publications, websites and organisations can provide you with further information about Business Continuity Planning

Cleveland Local Resilience Forum
www.clevelandemergencyplanning.info/business

**All of the template documents can be downloaded from this website.
You can also keep up to date with any events, training or information relating to business continuity management here too.**

The Business Continuity Institute www.thebci.org
The Business Continuity Institute (BCI) is the world's leading institute for business continuity.

Continuity Central www.continuitycentral.com
Continuity Central provides a frequently updated one-stop resource of business continuity management news, jobs and information

www.gov.uk/government/publications/preparing-for-emergencies/preparing-for-emergencies
This guidance helps people, businesses and communities to identify and prepare for the hazards and threats that may disrupt their lives.