Business Continuity Plan & Impact Analysis

Events in early 2020 have demonstrated that business disruption can occur at any time and sometimes from unexpected sources. Having a flexible, yet robust, business continuity plan is important for business success. There are four (4) steps any business continuity plan and they are

1. Conduct a business impact analysis to identify time-sensitive or critical business functions and process and the resources that support them.

2. Identify and document critical business functions and processes.

3. Organize a business continuity team and compile a business continuity plan to manager a business disruption.

4. Conduct training for the business continuity team and testing and exercises to evaluate recovery strategies and the plan.

"Having a business continuity plan can be critical to a businesses success."

Beginning with a <u>business impact analysis</u>, the organization can identify those time-sensitive and critical business functions and processes required to survive and succeed. Here are some examples of impacts to consider;

- Lost sales and income
- Delayed sales or income
- Increased expenses (overtime labor, outsourcing, expediting costs, etc.)

- Regulatory fines
- Contractual penalties or loss of contractual bonuses
- Customer dissatisfaction or defection
- Delay of new business plans

Following an analysis of these impacts, the timing and duration of each impact is important to assess. Here are some questions to consider;

- Will the impact be short, hours up to one day? (power outage)
- Will the impact be several days? (power outage, storm damage)
- Will the impact be weeks? (storm damage, fire, power outage, public health crisis)
- Will the impact be months? (fire, public health crisis, changes in the law or public sentiment)
- Will the impact be permanent?
- Does the timing of the event coincide with a particularly busy time in your organization? (Do you conduct more business during certain months of the year?)

Applying the timing and duration of an event to the impact analysis provides a clearer overall understanding of the true impact. Developing a questionnaire or risk matrix can be very helpful. This way the impacts can be visualized. Here is an example

Risk Matrix				
Impact				
Lost Sales	Minimal	Moderate	Severe	Severe
Delayed Sales	Minimal	Minimal	Moderate	Severe
Increased Expenses	Minimal	Minimal	Moderate	Severe
Regulatory Fines	No impact	No impact	Minimal	Moderate
Duration	> 1 day	1-5 days	1 -4 weeks	Months

➢ As you can see, this helps to visual the total impact. Each category, such as lost sales, can be further broken down into the components that contribute to lost sales. By doing this, a greater understanding of the processes involved in making sales is achieved.

➢ This leads to the second step, identifying and documenting <u>critical business functions and processes.</u> This is a critical step as well. By documenting critical business functions, the organization is better prepared to make adjustments based on business disruption. These documents often take the form of "operating standards', SOP's and work methods. The more robust these are before the disruption the easier it will be to develop workarounds or alternative methods to complete the goal/operation.

➢ The third step is organizing a business continuity team. This should be a cross-function team and include members for every department or business operation, including I.T. Computer and communication systems will be critical to reaching and informing your customers about your organization. A robust communication plan should be a part of our business continuity plan. Having this team meet periodically, even when no disruption event is present, will help them prepare for an eventual disruption. If 2020 has shown the business community anything, it has shown that a widespread disruption is possible with little warning.

➢ Finally, training and testing are vital. Training for the business continuity team and testing the plans are vital to surviving and thriving in disruption event. Tabletop exercises are great practice. If possible, test your communication and remote worker capabilities before an event. These can be small scale tests to verify your I.T. resources. There are numerous training and education resources available. One of those is <u>www.ready.gov</u>. This website provides a lot of resources for business and none of their material is copyrighted.

Opportunities ahead

Good business continuity planning results in future opportunities. Being able to recover before your competition provides a competitive advantage. It also identifies opportunities to work more efficiently. An example of that would be remote workers. Having employees work remotely, full time or part time, may reduce the need for physical space. Or, it may allow for more efficient use of the current space. Either of these could result in significant savings for the organization. As business continuity plans are developed look for these competitive advantage opportunities.

Planning prior to a disruptive event is critical for maintaining and growing business. The events of 2020 have proven disruptive events can occur quickly and be widespread. Having a plan in place prior to the next disruptive event can provide a competitive advantage and minimize the negative impacts.

"Good business continuity planning results in future opportunities."

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