



## Business continuity risk management guide

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### **Demands of the 21st century**

The importance of business continuity planning has grown significantly over the past few years with the explosion of the Internet, e-commerce and non-stop applications. Just a few years ago, customers were willing to tolerate 24 hours of downtime. Today, most companies need to recover within hours and demand that a full complement of capabilities be maintained during disaster conditions.

To be successful, your organization's business continuity plan must be an integral part of your strategic operating plan. It must become a philosophy, a culture, a mindset and a way of life. A predefined continuity plan hastens recovery with solutions that are carefully thought out beforehand, thereby eliminating hasty decisions made under stressful conditions. By providing a more rational, fact-based procedure for decision making, planning allows the opportunity to minimize risk and uncertainty.

To maximize your chances of successful recovery, combine your business continuity plan with proper insurance coverage such as business interruption, extra expense and contingent business interruption coverage. A strategic business continuity plan should provide the guidance needed to minimize downtime and organize the resources needed to plan a prompt recovery.

This guide is a brief introduction to the concept of business continuity planning. The suggestions and guidelines for preparing a business continuity plan tailored to your particular needs are an overview of the concept rather than a detailed methodology. In this guide, the term "business" applies to virtually all economic activities in both the private and public sectors.

### **Why do you need a business continuity plan?**

#### **Every organization is at risk**

A fire, tornado, earthquake or explosion could seriously damage your building. Floods originating inside or outside your building could affect your operations. A prolonged power outage, sabotaged computer system or damaged equipment can also shut down an organization. Your managers and employees could be killed or badly injured. Your facilities, inventory and essential information could be inaccessible for a prolonged period. Any event, big or small, may cause an interruption in your business operation.

#### **Competition and the pace of today's business demands fast response**

Long-lasting business relationships are fading in the face of global competition, customer demands and shifting markets. If business interruption occurs, the ability of your business to survive may be threatened. Unless you are prepared to respond immediately, your employees, suppliers, and customers may go elsewhere. Before that happens, arm yourself with the best defense – a well prepared and practiced business continuity plan.

#### **Pre-requisites for successful business continuity planning**

Senior management must be actively involved in the development of the business continuity plan and must do the following:

- Agree that a plan is needed
- Assign the necessary resources for plan development
- Agree in the selection of essential activities and priority for recovery

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- Agree to back-up arrangements and the costs involved
- Be prepared to authorize activation of the plan

A project coordinator develops the plan with input from managers and employees at all levels involved in implementing the plan. Assign someone to keep the plan updated and to implement it if necessary. A business continuity plan is not overwhelming if you first develop a schedule and work on the plan in stages. It is not a “one-shot” project, but rather an integral part of an effective business strategy. A completed plan should be reviewed, tested and updated regularly if it is to be effective when put into action.

**Note: If business interruption occurs, the ability of your business to survive may be threatened unless you are prepared to respond immediately.**

### Step-by-step guide

- List the major functions or activities of your organization.** List the functions of each unit, department or branch.
- Determine which activities are time-critical business functions.** The continued operations of these services or activities are considered critical for the organization.
- Assign a priority to each of the time-critical activities.** Rate each activity from 1 to 5 to show the length of time it can remain disrupted. For example, one day or less is a priority 1, 2-4 days a priority 2, 3-5 days a priority 3, and so on.
- Develop a planning objective for each activity.** A planning objective states your organization’s goal for resuming each activity within a specific timeframe (i.e., restore data center operation in four hours).
- Determine the minimum needs for initial response.** Plan for restoring communication methods, and then consider essential information sources, essential equipment and key internal or external personnel who will be crucial for continuity efforts.
- Obtain senior management approval of the essential functions, priorities and planning objectives.** This allows confirmation of key decisions made during the planning process.
- Delegate planning assignments to the staff who carry out the essential activities on a daily basis.** Personnel who carry out tasks on a daily basis are generally the best qualified to perform recovery and continuity functions.
- Incorporate fine details into the plan.** Focus on the impact of the business interruption, not the cause. Review budget and staffing needs to implement the plan requirements.
- Consolidate all sections of the plan into a comprehensive business continuity plan for your entire organization.** Communicate the plan to all employees. Assemble individual department or branch plans into the overall company plan. Train key employees in their response to plan activation. Inform all employees of the plan.
- Remember, there is a human cost in a crisis or disaster. How will you help employees restore their emotional and physical health following a crisis or disaster?** Identify resources, such as employee assistance programs or community-based resources, to help your workforce cope with the event.
- Test the plan.** Update the plan regularly based on test results and organizational changes. Testing is crucial to determining whether your plan will work as intended in a real disaster or crisis situation.

### Additional resources

- Association of Contingency Planners (ACP); [acp-international.com](http://acp-international.com)
- Canadian Centre for Emergency Preparedness; [ccep.ca](http://ccep.ca)
- Contingency Planning and Management Magazine; [contingencyplanning.com](http://contingencyplanning.com)
- Disaster Recovery Journal; [drj.com](http://drj.com)
- Disaster Resource Guide; [disaster-resource.com](http://disaster-resource.com)
- Emergency Planning; [ccohs.ca/oshanswers/hsprograms/planning.html](http://ccohs.ca/oshanswers/hsprograms/planning.html)
- Emergency Preparedness and Response -CAN/CSA-Z731-03; [ohs.csa.ca](http://ohs.csa.ca)
- Federal Emergency Management Agency, Disaster Planning Guide for Business and Industry, FEMA 141, October 1993; [fema.gov](http://fema.gov)
- National Fire Code of Canada; [nationalcodes.nrc.gc.ca/eng/nfc/index.html](http://nationalcodes.nrc.gc.ca/eng/nfc/index.html)
- National Fire Protection Association, NFPA 1600, Standard for Disaster Emergency Management; [nfpa.org](http://nfpa.org)

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