

# An introduction to business continuity planning

## What is business continuity, and is it relevant to me?

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Business continuity planning is about identifying the critical functions and services your business delivers and planning for how you would maintain or resume them in any disruptive event or emergency (such as a power outage, fire, flood or earthquake). After all, if you can't deliver your critical functions and services:

- clients, staff and suppliers could be adversely affected
- customers might look elsewhere and turn to your competitors
- you may fail to meet contractual or legislated obligations
- there may be financial repercussions
- your organisation's reputation could be adversely affected.

If any of these things are important to you or your business, then you should have business continuity arrangements in place.

## Business Continuity Management framework

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The following framework outlines a best practice approach to putting business continuity arrangements in place. The extent to which you apply this framework, should consider both the nature and scale of the functions and service(s) being provided, and the level of business continuity assurance required.



### 1. Business Continuity Programme Management

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First, determine what business continuity capability needs to be established and maintained. This will largely depend on the size and complexity of your organisation. Key things to consider in establishing a framework are:

- What is the scope of your business continuity programme? Is it for your whole organisation, or just key parts?
- Do you need a business continuity policy as well as a plan? In larger organisations a policy document can help define the objectives of the programme and set out the business expectations for staff (such as who needs a plan, and how often these need to be reviewed).
- Who is responsible for leading business continuity work within your organisation? Someone needs to make sure the organisation keeps its arrangements up-to-date.
- What is your budget? How much can you spend on planning to ensure the continuity of your operations?

## 2. Completing an impact analysis

Every business undertakes a number of different functions and jobs every day. However, not all of these will be of equal importance in times of disruption. A Business Impact Analysis helps you understand ahead of time what your most critical functions and services are, so when disruption occurs, you can concentrate your efforts on the right areas.

### How do I undertake a Business Impact Analysis?

Undertaking a Business Impact Analysis need not be onerous, but it is important to look right across the organisation – sometimes the most critical functions may not be immediately obvious!

1. Start by listing everything your organisation does (eg: customer service, payroll etc). In a bigger organisation, each team or business area would need to do this. Don't forget to include functions that may be outsourced (e.g. logistics, call centres, etc.)
2. Next, for each function you've listed, determine the point of significant impact to your business if that service or function stopped or couldn't be delivered. The table below sets out an easy way to do this - simply tick the box at the point where you think significant impact would occur. Some standard things that could be impacted have been listed (eg: staff, customers etc), however you can add or change these to reflect your particular business.

### Example Function: Payroll

*As an example, the table below has been completed for Payroll. If something stopped the pay run when it was due to be delivered, it would have an immediate effect on staff. Of course, if staff were paid yesterday, you might have two weeks to fix the issue – however for business continuity planning purposes, always look at the worst case scenario.*

For each impact area (service/client/financial etc), indicate in the time column when you consider serious impact will occur if you cannot deliver the business function.							
Impact on:	Impact over time : Indicate where and when serious impact will occur (maximum tolerable downtime)						
	1hr	4hr	1 day	3 days	1 week	1 month	6+months
<b>Clients/ customers</b>							✓
<b>Staff</b>			✓				
<b>Financial</b>				✓			
<b>Reputation</b>			✓				
<b>Reporting</b>							✓
<b>Legal/ contractual obligations</b>					✓		

3. Where you find a tick in a left side column (under 1 hour, 4 hours, 1 day or 3 days) it is likely that this is a critical function or service, and therefore should be considered for inclusion in your business continuity plan. If you have no ticks in these columns, then it is likely that you can stop the function for at least a week, without causing any major disruption to your business and the functions you provide.
4. Rank your critical functions in priority order. Those functions where, in a worst case scenario, a significant impact would occur after 1 hour are the most critical.
5. Once you have your critical functions determined and prioritised, think about the minimum resources you need to deliver each of those functions:
  - a. What is the minimum number of staff you need to deliver that function/service?
  - b. Do you need to deliver the function from a specific place (like an office or store) or can you deliver it remotely?
  - c. What IT hardware and software do you need to deliver the function?
  - d. Do you have a workaround process already for the function? If so, describe the workaround (eg: can you run the process manually, or from a different location?)
  - e. What internal and external dependencies do you have to deliver the function (eg have you outsourced all or part of the function to a third party supplier)?
  - f. Are there any times when the function is more critical? Eg; payments process may not be critical unless the disruption occurs when a payment is due to be processed.
6. If you have completed a risk management assessment, compare the risks you've identified with the critical functions determined by the business impact analysis. You may find some continuity arrangements are already covered by your risk mitigation.

### 3. Determining business continuity strategies

Now you have a prioritised list of your critical functions, determine what approach to take and the strategies you could use to continue each of these in times of disruption. Some common approaches are listed below. The size and spread of your organisation, and your business continuity budget will influence the approach and strategies you might be able to use.

	<i>Pros</i>	<i>Cons</i>
<p><b><u>Do nothing</u></b></p> <p>Accept the risk that the activity will stop indefinitely if it is disrupted</p>	<ul style="list-style-type: none"> <li>▪ Cheap</li> <li>▪ Easy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Activity may stop</li> <li>▪ Clients may be lost</li> <li>▪ Business may be impacted</li> </ul>
<p><b><u>Take out Insurance</u></b></p> <p>Pay for cover to receive financial compensation if the activity is disrupted</p>	<ul style="list-style-type: none"> <li>▪ Relatively easy</li> <li>▪ Money may compensate</li> </ul>	<ul style="list-style-type: none"> <li>▪ May take a while to receive payout</li> <li>▪ Activity won't continue</li> <li>▪ Will not protect reputation</li> </ul>
<p><b><u>Mitigate the risk</u></b></p> <p>Reduce the likelihood of the disruption occurring or the impact it would have on the activity</p>	<ul style="list-style-type: none"> <li>▪ May be cost effective</li> <li>▪ May benefit other responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ May not be possible</li> <li>▪ May be expensive</li> <li>▪ May require manpower</li> </ul>
<p><b><u>Prepare alternate arrangements</u></b></p> <p>Put arrangements in place to continue the activity in a different way</p>	<ul style="list-style-type: none"> <li>▪ Offers flexibility to continue activity</li> </ul>	<ul style="list-style-type: none"> <li>▪ May require new arrangements to be made</li> </ul>
<p><b><u>Outsource the activity</u></b></p> <p>Pay a contractor to perform an activity in a different location</p>	<ul style="list-style-type: none"> <li>▪ Activity may continue if contractor is not impacted</li> </ul>	<ul style="list-style-type: none"> <li>▪ May be expensive</li> <li>▪ Can outsource the activity but not the responsibility</li> <li>▪ Reputation could be damaged if contractor fails</li> </ul>

In the end, deciding on a suitable approach for each function in your organisation comes down to determining costs versus benefits. Remember that costs aren't always financial - they might include reputation, staff or supplier retention, and future business opportunities.

## Preparing a business continuity strategy

The key to any business continuity strategy is turning assumptions into prior arrangements. Unless you have a firm arrangement in place, it remains an assumption that any action(s) you intend to take will work. Some common strategies to consider include:

<b>People</b>	<p>Make sure staff know what to do and where to find instructions. Consider:</p> <ul style="list-style-type: none"> <li>▪ Cross-training staff so they can do other's jobs when needed</li> <li>▪ Using other people – such as contractors, agencies or even competitors</li> <li>▪ Succession planning.</li> </ul>
<b>Premises</b>	<p>Pre-identify alternate locations where some or all work can performed – eg working from home, a local hall or another property. Consider:</p> <ul style="list-style-type: none"> <li>▪ Using a supplier instead of fulfilling own contracts (but ensure they have suitable business continuity arrangements in place).</li> <li>▪ Replicating the function so it is not undertaken from one location (so if one site closes, the other continues on)</li> <li>▪ Having a backup site on standby for use</li> <li>▪ Purchasing standby space with an emergency facilities provider</li> <li>▪ Setting up a reciprocal arrangement. This is where two businesses (usually in different locations but using the same kinds of resources) agree that they will allow their resources to be used for each other's needs if one of them should require it.</li> </ul>
<b>Suppliers</b>	<p>If you have outsourced essential functions, ensure your supplier has a suitable business continuity plan. Consider:</p> <ul style="list-style-type: none"> <li>▪ Holding essential backup supplies at another location or in reserve at preferred supplier</li> <li>▪ Diverting deliveries to other locations</li> <li>▪ Identifying alternate suppliers and knowing how you can use them</li> <li>▪ Identifying if you are a preferential customer of the supplier (e.g. are you first or 40<sup>th</sup> in line?).</li> </ul>
<b>Information</b>	<p>Make sure confidentiality and security can be maintained, ensuring you know where your vital records are stored. Consider:</p> <ul style="list-style-type: none"> <li>▪ All formats of information (printed, on computers, on encrypted data sticks)</li> <li>▪ Having backup copies of critical data and software.</li> </ul>
<b>Technology</b>	<p>Enhance "failover" capabilities so outages do not impact work. Consider:</p> <ul style="list-style-type: none"> <li>▪ Checking that backup copies of data cannot suffer same issues as primary data</li> <li>▪ Ensuring data is backed up at acceptable, regular intervals</li> <li>▪ Ensuring remote access is available (should you lose access to your site)</li> <li>▪ Developing manual work-arounds.</li> </ul>
<b>Reputation</b>	<p>Manage stakeholders, including staff, customers, suppliers and the public. Consider:</p> <ul style="list-style-type: none"> <li>▪ Having communication arrangements for when disruptions occur.</li> </ul>

## 4. Writing the plan

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Now you're ready to create your Business Continuity Plan (BCP). This will detail the steps to be taken during and after a disruption to maintain or restore operations, and should include:

- clarity about when the plan should be activated
- a clear structure for escalation and control of an incident
- summary of the strategy to take to continue the function(s)
- contact details for any key stakeholders
- version control, so you can easily see when it was last updated.

Keep your BCP short and concise. They will be used in a crisis situation, so should be action orientated and easy to reference. BCPs should not include information that will not be needed during an incident response (eg background, policy, context etc).

### **Printing and accessing your plan(s)**

The number of copies of your BCP will depend on the size of the organisation. In smaller organisations with less than 30 staff, one copy held onsite, and one stored offsite (in case the site cannot be accessed) should be generally sufficient. In larger organisations, you may wish to have copies with multiple key personnel.

### **Apps**

With smartphone and tablet technologies, there are an increasing number of business continuity apps that can help you plan. The benefits of planning in this way include BCPs that are easily portable and accessible (they are with you on your phone or tablet) and secure (if your device requires a password to access).

## 5. Exercise and maintain

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### Exercising

Exercising your plan provides the opportunity to:

- validate the extent to which its strategies are workable, complete, current and accurate
- develop competence, instil confidence and impart knowledge that will be essential during a business disruption for staff
- identify opportunities for improvement and any missing information
- highlight any assumptions which need to be confirmed
- test the effectiveness and timeliness of resumption of services.

If you have critical functions that are outsourced to a third party, it can be useful to include them in exercising also, to ensure that their business continuity plans are compatible with your own.

Exercises are learning opportunities – participants should not see them as a test that needs to be passed. They can take various forms, including technical tests, table top exercises or full simulations. An exercise can be as simple as testing your phone tree, or a full scale scenario where the incident response is simulated and could take a full day to run.

Exercising may include:

- Technical – testing equipment
- Procedures – are the documented processes correct?
- Timeliness – can the process achieve recovery of the activity within the specified timeframe?
- Personnel – are the right people involved and do they have the necessary skills, authority and experience?

### Frequency

At a minimum, BCPs and key staff should be exercised at least every 12 months and more frequently if possible.

### Maintenance

A maintenance programme needs to be established to ensure plans are kept updated. All plans should have version control. When an exercise or real life event occurs, your BCP should be reviewed to ensure any learnings are reflected, and any gaps are addressed.

## 5. Embed arrangements

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Embedding business continuity in the organisation's culture, through a programme of training, awareness and education, enables it to become part of the organisation's core values and a business as usual activity. It instils confidence in all stakeholders in the ability of the organisation to cope with disruptions.

### Further information

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There is a wealth of information available online to help you with your business continuity planning. A great place to start is the [Business Continuity Institute website](#), where you can access a copy of their Good Practice Guide (registration may be required). This guide provides further information on how to establish a robust business continuity framework within an organisation.

You can also visit: <http://resilientbusiness.co.nz/> which has been established to assist small to medium sized organisations set up their continuity arrangements. The site provides a range of videos and templates to help with planning.