Why Complete a Business Continuity Plan?

Forty percent of businesses do not reopen after a disaster and another 25 percent fail within one year, according to the Federal Emergency Management Agency (FEMA). Companies that plan for emergencies greatly increase the likelihood of staying in business and getting back to work quickly. A good BCP can help:

• Maintain business operations after a disaster occurs.
• Ensure continuity for providing supplies or service to customers.
• Uphold a good business reputation.
• Uphold shareholders’ interests.
• Minimize legal liability and insurance costs.

Creating and Enforcing a Business Continuity Plan

The scope of operations for most businesses is so vast that it is hard to know where to start to create a BCP. First, put together a team that will be in charge of creating and maintaining the plan. The team should be aware of all processes used by the business, or each person on the team should be responsible for knowledge of a different aspect of operations. As your team creates your BCP, it is important to keep in mind the following critical elements to all planning efforts.

Phase 1 – Review Business Impact Analysis

• Identify types of losses that could affect your company and assess the degree of risk – loss frequency and severity potential should be analyzed.
• Review your business process flow chart. Should one business process become inoperable, identify what business unit will be responsible for that process.
• Identify operations crucial to survival and recovery.
• Ensure business data (sales records, customer lists, tax information, legal documents, etc.) are stored or are backed up at an off-site location.
• Develop a succession plan for executive management positions.

An effective plan needs to encompass how employees communicate, where they will go and how they will continue to do their jobs after an emergency.

Based on experience, CNA estimates for every dollar of loss, three additional dollars are lost due to a damaged reputation, lost profits and indirect loss costs. Insurance protection alone is not enough. The time to plan for a disaster is now – not after a loss occurs.
Phase 2 – Identify Business Partners

- Ensure there are multiple vendors that can provide outsourced services in case of an emergency.
- Create a contact list of key vendors and business partners, and keep the list at an off-site location accessible by multiple employees rather than one person.

Phase 3 – Create a Plan for Your Facilities

- Consider alternate locations in the event main operations centers become unusable or inaccessible.
- Determine a meeting place for the executive management team.
- Determine security needs if an emergency were to occur to protect both people and property.

Phase 4 – Review Payroll Processes

- If applicable, ensure vendors have plans for payroll continuity.
- Work with vendors to ensure that employee data, such as personal and tax information, is stored at a secure, off-site location.

Phase 5 – Confirm Crisis Management Procedures

- Make sure those involved know what they are supposed to do.
- Train alternates in case back-up help is needed.
- Practice crisis communication with employees and customers.
- Invest in an alternate form of communication in case phones, email or computer networks go down or are inaccessible.

Phase 6 – Coordinate with Others

- Meet with other businesses in your building or industrial complex to discuss BCPs.
- Talk with first responders or emergency personnel and utility providers to ensure they are familiar with your business and facility.
- Have discussions with current suppliers, shippers and others with whom you work.

Phase 7 – Plan Ongoing Testing

- Review the emergency plan at least annually and update as needed.
- Hold realistic drills on a consistent basis so that employees can participate as expected in a stressful situation.

Further your knowledge before a disaster occurs.

CNA’s School of Risk Control Excellence (SORCE) provides resources to help you prepare for the worst. Additionally, the following links are helpful in the creation of BCPs:

- CNA PrepWise  www.cna.com/prepwise
- CNA Risk Control Resources  www.cna.com/riskcontrol
- CNA “Act Now!”  www.cna.com/actnow
- Ready.gov  www.ready.gov
- Centers for Disease Control and Prevention  www.cdc.gov
- U.S. Environmental Protection Agency  www.epa.gov

CNA’s Associate Business Continuity Planners (ABCPs) are available to help with your specific needs and can advise your business as it prepares a course of action to take in the event of an emergency.