



IS YOUR **BUSINESS** PREPARED?



**BUSINESS CONTINUITY WORKBOOK
FOR SMALL BUSINESS OWNERS**

DISRUPTION GRID

	<u>DESCRIPTION</u>	<u>NOTICE</u>	<u>DISRUPTION</u>	<u>CONTEXT</u>
NATURAL CAUSES	Fire	No	Day-Months	Scope and proximity to business
	Flood	No	Day-Months	Scope and proximity to business
	Earthquake	No	Day-Months	Scope and proximity to business
	Wind	No	1-7 days	Scope and proximity to business
DISRUPTION	City Works Projects	Usually	Days-Weeks	Impacting business access
	Power Outages	Limited	Hours-Days	Impacting business operations
	Road Closures	Usually	Days-Months	Impacting business access
	Supply Shortage	Maybe	Indefinite	Dependent on supplier issue
	Customer Loss	Maybe	Days-Indefinite	Dependent on reasons for market shift
	Strike	Limited	Hours-Indefinite	Yours or a neighbouring business
	Marches/Riots/Parades	Limited	Hours-Days	Impacting business access
CRIMINAL	Break In	No	Hours-Days	Impacting business access
	Cyber Attack	No	Hours-Days	Dependent on severity/speed of recovery
	Verbal Threat	No	Hours-Unknown	Dependent on validity/severity/realization
	Employee Theft	No	Hours-Days	Dependent on assets stolen/scope
ACCIDENTAL	Fire	No	Day-Indefinite	Yours or a neighbouring building/scope
	Explosion	No	Day-Indefinite	Yours or a neighbouring building/scope
	Water Leak	No	Day-Indefinite	Yours or a neighbouring building/scope
	Gas Leak	No	Hours-Days	Yours or a neighbouring building/scope
	Food Poisoning	No	Hours-Days	Dependent on source*
HEALTH	Employee Absence	Maybe	Undetermined	Dependent on health issue/coverage
	Owner Absence	Maybe	Undetermined	Dependent on health issue/replacement
	Employee Death	Often No	Undetermined	Dependent on rehire timeline
	Owner Death	Often No	Undetermined	Dependent on plan for replacement
	Onsite Injury	No	Undetermined	Customer or Staff/Dependent on severity*
	Pandemic	Limited	Undetermined	Dependent on scope

* Management response is key to mitigate duration of disruption and potential damage to reputation.

Abbreviations

BCP - Business Continuity Plan

RTP - Recovery Time Plan (Time it takes to recover)

BCM - Business Continuity Measures (Steps you can take)

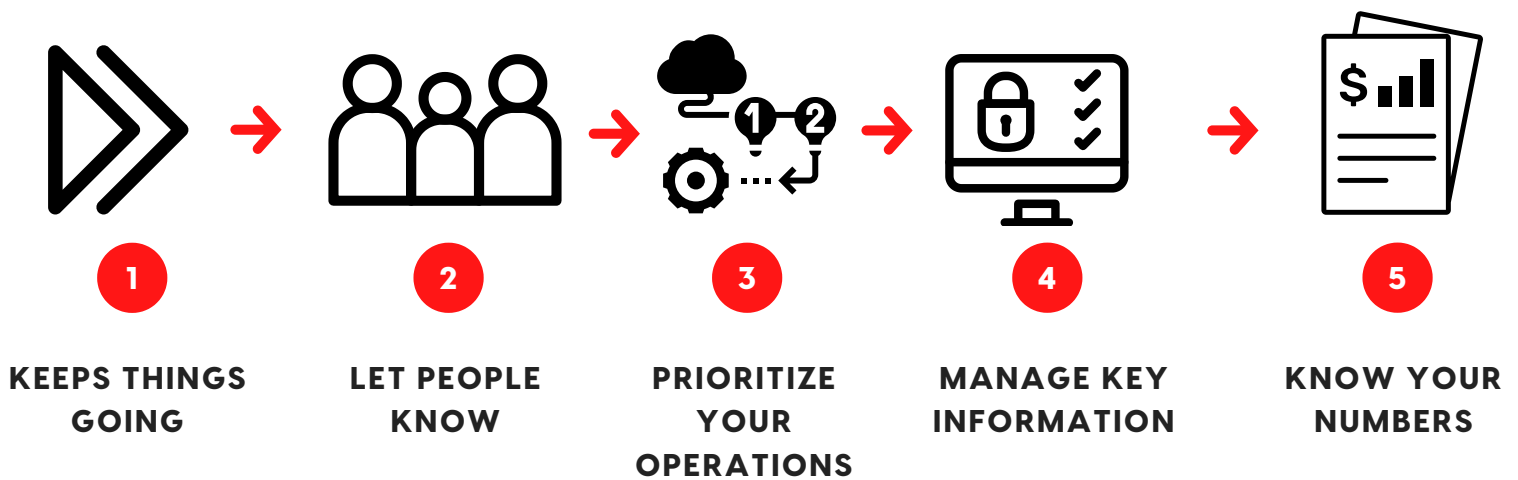
INTRODUCTION

Business continuity is about how your business can continue to function or quickly get back up and running in the event of a major disruption.

Common characteristics of disruptions include customer confusion, potentially limited access to physical location for staff/customers, loss of information, supply delays, cash flow interruption and other challenges.

A Business Continuity Plan (BCP) focuses on the ability of a business to prepare for and respond to unexpected disruptions. It covers business processes, assets, human resources, business partners and more. It involves planning how your key services can continue to function, especially the recovery of key business information and systems. Experience has shown that businesses that take the time to create a BCP fare much better in emergency situations. It is an investment in the future of your business as **statistics show that 1 out of 4 businesses that experience a disruption will go under**. This short workbook will help you ensure your business will survive a major disruption with as little financial pain and emotional stress as possible.

A bit of preparation and guidance from this workbook will assist you in following these 5 survival steps should you experience a major disruption.



A BCP is an investment in your business that can be submitted for lending, investment/partnership attraction, business sale, and ultimately, for your own peace of mind. Your BCP will show insurers you are planning for sustainability and taking financial responsibility for your business investment.

STEP #1

KEEP THINGS GOING

When a major disruption happens to your business, your first responsibility is safety; safety for staff, customers, and your business assets. Evacuation and business shut down procedures should be clearly outlined and understood by key staff so they can follow a safe and effective process in an emergency situation (and so you have something left to come back to after the emergency is over).

The next priority is to get your business back up and running as quickly as possible. While your business is shut down you are losing money, and that needs to change quickly so your business can survive. Few businesses can survive a complete shut down for long and while government programs may help in some circumstances, they can't be relied on. Remaining open for business keeps cash flowing, even if you run at a loss for a period of time. You will be in a much stronger position to keep the bank at bay and will rebound much more quickly when things do get back to normal.

Your BCP needs to address 2 key things:

1. Recovery time to get your business back up.
2. Mitigation strategies or Business Continuity Measures that will help keep you going and maintain cash flow.

Recovery Time Plan (RTP) shows how long it will take for your business to return to at least a minimal level of function after a full stop disruption. Urgency is the focus, particularly if the disruption hits in a busy season for your business. More detail on RTP for your business will be covered in Step #3, this plan focuses on understanding steps you can take to be back up and running in: 24 hrs; 48 hrs; 1 week; 2 weeks; > 2 weeks.

Business Continuity Measures (BCM) are steps your business can take (or has taken already) to maintain services to customers and revenues for the business despite a major disruption. Some of the fallout from a disruption can include:

- reduced labour supply, including your regular employees or availability of subcontractors or temporary employees
- customer orders cancelled or not filled
- interruption in getting supplies or materials
- change in customer demands or lost major customer
- reduction or restrictions on customer access
- restrictions on travel
- reduced availability of health care or home care services
- disruptions in services such as telecommunications, financial/banking, water, power (hydro), gasoline/fuels, medicine, or food supply.

Recovery strategies can be developed by looking at your business and understanding the steps you can take to fill gaps and address options to keep your business functioning smoothly.

The following questions walk you through the different aspects of your business that may be affected in a disruption as well as mitigation strategies that can help you weather the storm. Check all that apply for the strategies in place in your business. This exercise may also provide you with ideas of strategies that you can implement to make your business more prepared for a major disruption.

Employee Mitigation Actions **We can (check all that apply)**

- Work from home/telecommute.
- Function for a short term with fewer staff.
- Plan for replacement of key staff.
- Expand hours with fewer staff.
- Book appointments to manage access.
- Have video meetings with suppliers or others.
- Cross train staff if absenteeism is an issue.
- Physically distance.
- Put physical barriers on site.
- Rehire recently retired or ex staff to work part time if required.

Inventory Mitigation Actions **I can (check all that apply)**

- Delay deliveries to clients who are willing to wait.
- Restrict my product line.
- Prioritize my product line to what is most profitable or easiest to fulfill.
- Put a limit on quantity customers can order to buy time.
- Maintain higher inventory of materials and supplies.
- Have a backup or multiple suppliers for critical raw materials.
- Implement quality control processes if I change suppliers.
- Change suppliers as there are no regulation issues that are a problem.
- Implement back up plans for any perishable product inventory.

Information Mitigation Actions **I know (check all that apply)**

- Lists are available in hard copy and electronic form.
- My data is backed up and readily available in current systems.
- I am able to create new customer accounts remotely if required.

Equipment Mitigation Actions

I can *(check all that apply)*

- Use secondary or backup equipment to get by.
- Set up an agreement with alternative equipment location that can be used temporarily.
- Prioritize my product line to what is most profitable or easiest to fulfill.
- Put a limit on quantity customers can order to buy time.
- Sell off existing inventory.
- Restrict my product line.

Customer Mitigation Actions

(check all that apply)

- No single customer is so large that my business will be at risk if they leave.
- The quality of service in the business is tracked so we can ensure we are not slipping.
- New markets are available for the business to expand into if we experience a significant change/reduction in our current market.

Owner Health Mitigation Actions

I know *(check all that apply)*

- Key staff can run the business short term if I'm not available.
- Decisions about customers or products/services can be made by key staff if necessary.
- Staff know when the business would need to be closed in an emergency if I'm not available.
- Staff know what needs to be done to open and close the business properly, communications and other processes.
- Staff know who to contact in an emergency if I'm not available.
- An evacuation shut down checklist is prepared and available to staff.

Website Mitigation Actions I know *(check all that apply)*

- I have a website for the business that is active.
- Customers can place orders on the website.
- Customers can ask questions or make appointments for pick up on the website.
- Customers can view available products/services on the website.
- Customers can pay on the website.
- I can provide status updates on my website so customers know our hours or other necessary information.

Delivery Mitigation Actions I can *(check all that apply)*

- Inform customers about delivery delays quickly.
- Make arrangements for alternate delivery methods.
- Enable customer pick up options if necessary.
- Ensure there are no financial penalties for late deliveries in my customer contracts.

Facility Mitigation Actions I know *(check all that apply)*

- I have an alarm system to alert me to an issue at the business.
- Staff can work from home if the facility is closed/damaged.
- Services can still be provided or coordinated despite facility being closed.
- Clients can order (online or via phone) even if the facility isn't open.
- Clients can still pay (online, phone in, e-transfer) if the facility isn't open.
- The business can send out invoices if the facility is closed and work continues.
- An evacuation shut down checklist is prepared and available to staff.
- I can use my business network to help out if I need to operate from a temporary facility.

Notes:

STEP #2 LET PEOPLE KNOW

Small businesses don't have dedicated communications staff, so writing tidy plans and procedures and getting the message out can be very challenging. But there are some things you can do without difficulty to make sure people know what's happening with your business. Knowing how you will communicate with employees, customers, business partners, service providers and (if necessary), the media during an emergency is an important part of the preparedness process. How will you use your business website, social media, email, telephone to get the message out about what's happening with your business? Don't forget to access and use local business networks where possible, groups like local chambers, business improvement associations and organizations like Community Futures can be a source of information as well as conduit for getting information out to the community.

Use the following table to show how you will communicate with the key groups identified. By planning the communication method in advance, you know what information you need to reach each group. For example, do you have the phone #'s of everyone you will call, email addresses where necessary? Is the information available both electronically and hard copy? Will it be available to you even if you can't access the office?

Communication Methods (check all that apply)

	Phone	Email	Text	Voicemail Emerg Msg	Website	Social Media	Contact Info Backed Up
Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Network	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building Owner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP #3

PRIORITIZE YOUR OPERATIONS

In Step #1 you identified mitigation strategies for different areas of your business that may be affected by a major disruption. Recognizing that until a disruption occurs you won't know the exact decisions you will need to make, knowing your options and understanding their impacts will enable you to make timely well thought out decisions; this is essential. The Business Impact Analysis will assist you to narrow down options to reduce financial impacts, continue operating and ultimately maintain your business.

The Business Impact Analysis encourages you to contemplate potential areas of disruption and realize associated costs and timelines if no mitigation plan is implemented. This will direct you to consider and prioritize mitigation options and then identify areas that need work now to be prepared for a disruption. Once you have all the major impact disruptions addressed you will be in good shape.

Business Impact Analysis Worksheet

Resource	Severity	RTP	Financial Impact	Mitigation Plan	Priority	Requires Work Now
Employees						
Inventory						
Information						
Equipment						
Customers						
Owner's Health						
Website						
Delivery						
Facility						

STEP #4

MANAGE KEY INFORMATION

Managing information is a challenge for all businesses. Keeping track of all the details you might need in a disruption situation can become a huge project that requires constant updating. No small business owner has time for that. These checklists provide minimum guidance for you to collect information as you can and store it where it will be accessible if and when you need it.

Business Specific Information (check all that apply)

- I know where to find my business registration number.
- I know the location of important information.
- I know my major assets list is available.
- I have employee training materials available.

Contact Specific Information (check all that apply)

- I have employee contact information.
- I have supplier contact information.
- I have a customer list.
- I have all information and lists available electronically and backed up for emergencies.

Insurance Specific Information (check all that apply)

- I have my insurance policy and contact information.
- I have coverage for fire and flood.
- I have coverage for loss of income.
- I have general liability coverage.
- I have earthquake coverage.
- I have coverage for cyber or privacy breach.
- I know what my policy requires me to do in the event of a loss.
- I know what documents my insurance company will require for a claim.

STEP #5

KNOW YOUR NUMBERS

The end result of a business disruption is inevitably reduced cash flow. Running out of cash is the ultimate threat to the survival of any business. When a disruption happens it isn't easy to focus on cash flow because there are other immediate risks and actions that need to be taken. You can lose valuable time and cause yourself unnecessary stress if there is no plan in place to manage cash flow. In Step #1 we focused on continuing to keep revenue coming into the business, that's important and it should be your primary focus, but it may be the case that no matter what you do your revenue will be down. In that case you need to reduce your expenses quickly and without spending much time or energy thinking about it while the crisis is on.

Seasonal businesses are often more experienced at this as they have annual scale up and down processes in place for their seasonal start up or business fluctuations. The same process thinking can be used in business disruption events. A standardized plan for cash flow preservation actions should be available to be put in place within days of a business interruption event. Your plan should address the following 3 areas:

1) Manage Expenses - businesses have both fixed and variable expenses. First line of defense for a business in a disruption situation is variable expenses. What expenses can I cut to preserve cash flow if my business is disrupted?

What expenses can I quickly cut to save cash?

- Cut back employee hours to reduce wage costs.
- Purchases of materials and supplies.
- Travel
- Other discretionary expenses.

2) Delay Payments - next potential area of savings for your business are expenses that you can't get out of but you may be able to delay and buy yourself some time. Look through your business to see if you can identify potential opportunities.

What payments can I push into the future?

- Slow my payments to suppliers by 30 or 60 days.
- Delay orders for materials or equipment.
- See if my bank or landlord have a deferral policy.

3) Contain Risk - the last step is to try to manage as many risks as you can before the disruption occurs. You should ensure that you have your financial statements in order. If you need a loan in a hurry or if a government support program becomes available these are essential documents you will require to access cash. At a minimum you should have the last 2 years available and backed up electronically.

What do I have in place to manage reduced cash to my business?

- Line of credit or loan that I can quickly access.
- Contracts that have no financial penalties if I'm late or can't deliver.
- Payment terms are NET 15 (or similar) to ensure customer doesn't take long to pay.
- Access to my latest 2 years of financial information in the event I need a loan/financial assistance.



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