Building Economic Resilience to Disasters: Developing a Business Continuity Plan

March 31, 2014
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Business Resiliency Manager
Business Resiliency – one important piece of the IBHS plan for creating safer, stronger communities
Result: $44,769 vs. $4,660

10 times more damage to “Common” than “Stronger” building
2012 High Wind Commercial Test

Links to videos:

• http://vimeo.com/45920765#at=0

• http://vimeo.com/45921239#at=3
Hail – A Persistent Cause of Loss
Manufacturing Realistic Hailstones

Link to video

- http://vimeo.com/60100334
2013 Hail Demonstration

Link to video

• [http://vimeo.com/60091069](http://vimeo.com/60091069)
1 in 4 businesses forced to close after a disaster, never reopens.
If today were ...

- Sunday, October 28, 2012
  Hurricane Sandy
- Sunday, August 23, 1992
  Hurricane Andrew
- Saturday, May 21, 2011
  EF5 Tornado in Joplin, MO
- Wednesday, January 8, 2014
  WV Chemical Spill
- Monday, January 27, 2014
  Atlanta’s Snowpocalypse
Majority of small businesses operate from a single location, making them more vulnerable compared to larger companies.

Between 60,000 – 100,000 small businesses were negatively impacted as a result of Hurricane Sandy.

Median cost of downtime for a small business due to extreme weather is $3,000 per day.

1/3 of small business owners have been personally affected by extreme weather.

Per report by the Small Business Majority and the American Sustainable Business Council.
Natural Disasters Wreak Havoc on Small Businesses

- 57% of small businesses have no disaster recovery plan, and of those that do have a plans, 90% spend less than 1 day per month maintaining them.

- Sandy cost 86,000 jobs in November 2012 – manufacturing, retailing, leisure & hospitality industries particularly hit.

- Sandy cost the economy more than $50 billion – the most expensive disaster globally in 2012.

Per report by the Small Business Majority and the American Sustainable Business Council.
What is Business Continuity?
Benefits & Value of Business Continuity Planning

• Safeguard human life
• Save property & resources
• Reduce time making critical decisions
• Recover business functions quicker
• Shorten the recovery window
• Ensure customer services & confidence
• Ensure job security
• Increase employee confidence & morale
• Retain share of market
**Frequency** – The likelihood that the event will occur.

**Severity** – The amount of damage the event is capable of causing your business.

### Frequency

- Earthquake
- Tornado/Wind
- Hurricanes
- Floods
- Volcanic Eruptions
- Severe Winter Weather
- Wildfire
- Drought
- Sinkholes

### Severity

- Sabotage
- Product Tampering
- Scandal
- Workplace Violence
- Sexual Harassment
- Fraud / Theft
- Arson
- Terrorist Attack

### Natural

- Strikes
- Riots
- Civil Disturbances
- Bomb Threat
- Biological Threats
- Nuclear Threat
- Acts of War

### Political

- Software Failure
- Hardware Failure
- Power Outage
- Data Corruption
- Cooling System Failure
- Wiring and Cables
- Mechanical Systems
- Communications

### Man-Made

- Security
- ACCIDENTS
- LOSS OF:

- Human Error
- Fires/Explosions
- Water Damage
- Building Collapse
- Environmental Contamination

- Key Employee
- Senior Leader
- Subject Matter Expert
- Key Supplier/Vendor
- Premises
- Key Equipment

### Other Threats

- Pandemics
- Gas/Water Shortage
- Media Crisis
- Special Events
- Mismanagement
- Product Liability
Flooding

• Apply waterproof coating to exterior walls.
• Seal wall penetrations including where utilities enter the building.
• Anchor fuel tanks and other storage tanks to prevent flotation.
• Check gutters & downspouts that they are not blocked by debris.

• Keep vines of exterior walls to avoid cracks in siding.
Wind, Hurricanes & Tornadoes

• Remove loose objects and accumulated debris from roofs.
• Keep trees and branches at least 7 feet away from exterior building surface.
• Secure garbage cans, outdoor furniture, signs, awnings and tools & replace gravel/rock landscaping with shredded material - they can become windborne debris.
• Equip roll-up and overhead doors with wind locks.
Severe Winter Weather

• Safe snow removal may reduce the snow load on your roof.

• Make sure gutters, fasteners and downspouts are secured.

• Caulk openings on exterior walls & insulate all accessible pipes.

• Have a snow removal plan to provide safe access for employees, customers and suppliers.
Gathering Information

- Administration
- Payroll
- Benefits & Purchasing
- Payroll
- Mailroom
- Sales & Marketing
- Shipping & Receiving
- IT
- Accounts Payable
- Customer Service
- Accounts Receivable
Know Your Operations

Key Product

Activity

Critical Activity

Premises

Technology

People
Know Your Operations including Your Supply Chain

Critical Business Functions – Develop Workaround Methods
Know Your Employees

Use this form to record information about all employees, including the business owner, so that each person can be contacted at any time. Duplicate the form for each employee.

**EMPLOYEE NAME:**
- Position/Title:
- Home address:
- City, State, ZIP:
- Office phone: Ext. Alternate phone:
- Home phone: Mobile phone:
- Office e-mail:
- Home e-mail:
- Special needs:

**Certifications:**
- [ ] First Aid
- [ ] Emergency Medical Technician (EMT)
- [ ] CPR
- [ ] Ham Radio
- [ ] Other:
- [ ] Special licenses

**Local Emergency Contact**
- Full name:
- Relationship:
- Home phone: Mobile Phone:
- E-mail:

**Out of State Emergency Contact**
- Full name:
- Relationship:
- Home phone: Mobile Phone:
- E-mail:

Notes:

OFBEZ is a program of the Insurance Institute for Business & Home Safety. Download this document at www.institution.org/OFBEZ.
**Know Your Key Customers, Contacts, Suppliers & Vendors**

<table>
<thead>
<tr>
<th>CONTACT TYPE:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Current Supplier/Vendor</td>
<td>☐ Back-Up Supplier/Vendor</td>
</tr>
</tbody>
</table>

**Company /Individual Name:**

Account Number:

Materials/Service Provided:

Street Address:

City, State, Zip:

Company Phone:

Website:

**Company Representative**

Primary Contact:

Title:

Office Phone:

Mobile Phone:

E-mail:

Alternate Contact:

Title:

Office Phone:

Mobile Phone:

E-mail:

Notes:

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OMB No. 1115-0058 The inscription of this document at disaster safety online.
Have a Communication Plan for Your Employees

- **Call Tree**
  - Landline
  - Mobile
  - Text
  - Email

- **Call-in Number**
  - Employee Emergency Wallet Card

- **Social Media** (Facebook, Twitter, LinkedIn, etc.)

- **Company Intranet**

- **3rd Party Emergency or Mass Notification Systems**
Have a Communication Plan for Customers, Suppliers & Key Contacts

Customers
• Sign on business door
• Updates on Company website
• Provide status of pending orders, delivery schedules, alternate arrangements

Suppliers & Vendors
• Arrange alternate delivery methods

Creditors
• Payment arrangements
Know Your Information Technology & Vital Records
Know Your Finances

Overall Business Needs

- Have you worked with your bank to set up a line of credit for your company?
- Who is responsible to activate it and who has access to it?
- How much cash would be needed to survive a 3-day, 5-day, 10-day, or longer shutdown?
  - For what purpose is the cash needed?
  - Will you have that cash on hand?
  - Who would make the decision to utilize the cash?
  - Who would have access to the cash?
- Do you have sufficient cash to pay for various additional services that might be needed, such as janitorial or security services?
- Do you have a company credit card that could be used for emergency purchases?
  - Who is authorized to use the credit card?
- Will you be able to pay your bills/accounts payable?
- Do you have procedures in place to accommodate a business disruption?
- Will you be able to continue to accept payments from customers/accounts receivable?
  - Do you have procedures in place to accommodate a business disruption?
- Have you identified an alternate location where you can work?

Human Resources

- In the event of a widespread disaster, how will payroll be handled?
  - If your business is forced to shut down temporarily, will some or all employees continue to be paid?
    - For how long?
    - Will they be able to use their sick and/or vacation time without restriction?
    - Are there union considerations?
    - Have your employees been made aware of your policies that will be in place during a disruption?
- If banks are closed, will your business provide payroll-cashing services?
- What is your business’ policy on cash advances, check cashing, and employee loans?
- Will your employees be expected to work overtime?

OFBEZ is a program of the Insurance Institute for Business & Home Safety
Download this document at disaster-prepagain.org/ofbez
Project: An assignment w/ a start and end

Ongoing Process
Know When to Update Your Plan

• Have my business’ risks or hazards changed?
• Has my business added new departments, products, or services?
• Have the priority levels of my documented business functions changed?
• Has my business added or changed any suppliers/vendors, key contacts or key customers?
• Is the contact information up-to-date for existing suppliers/vendors, key contacts and key customers?
• Have I updated information on specialized equipment needed to resume each business function?
Know When to Update Your Plan

- Have there been any staffing changes?
- Does my company telephone call list need to be updated to reflect new staff personal/emergency contact information?
- Are the right responsibilities assigned to the right staff?
- Can I put in place any new protection devices, safeguards or procedures to reduce my business’ risks and hazards?
- Are work-around or secondary methods written and documented in a manner that my employees can understand and act on them?
- Have I reviewed my insurance coverage with my agent?
Know When To Test Your Plan

Know When to Test Your Plan
Table Top Exercise: Power Outage Scenario

1. It is a hot, rainy Friday morning. The current time is 11:30 AM. (Suddenly, the lights go out and all of the computers, printers, and copiers turn off. For a few seconds, there is silence before the chiller begins to kick up.) One of your emergency lights comes on, but the rest are not working. While many of the offices have windows to provide natural light, the majority of the hallways and interior rooms are left in the dark.

2. Take the first 10 minutes to discuss what you will do next.

3. It is now 1:00 PM and the lights still are not on. The building HVAC has been off for over 1 hours and the temperature inside the building is gradually becoming unbearable. Your entire power grid is without power. There is no word from the electric company about restoration of power.

4. Now what are you going to do?

5. Is your technology infrastructure being dealt with? By whom?

6. Newcomers turned off all computers, printers, and equipment to prevent electrical surge when power is restored.

7. Is your phone system down? Now are going to manage the phone lines?

8. It is now 2:00 PM. Employees are asking if they can leave early. The worst around town is that the power might not be restored for several days.

9. How will you communicate this message?

10. What instructions will you convey to your employees, customers, vendors?

11. Are you going to declare a disaster in order to activate your business continuity plan?

12. Continue your discussion with the following questions:

13. How are people within the organization communicating with each other (i.e., sending and accepting messages, information, and response details)?

14. Are they communicating with other stakeholders (e.g., customers and clients, the media)?

15. Is there a pre-determined and agreed upon central meeting place for company leaders, management, and employees?

16. Is there a copy of your business continuity plan that you can easily retrieve?

17. Are there any business processes for which there are manual workarounds? If so, discuss how that would happen.

18. How would you find an appropriate place to operate from for the remainder of the day?

19. For the next one to two weeks, if necessary;

20. Have you begun an assessment that includes an analysis of the status of employees, customers, operations, and internal utilities?

21. How would you ensure that customer concerns are managed?

22. Have you begun to determine how much data was lost and how that will affect your operations?

23. Some employees are asking, "How will I know if business will come to work Monday?"
Test your Plan with Various Types of Exercises

• Scenario-Based Tabletop Exercise
• Building Evacuation Exercise
• Notification Exercise
• Alternate Site Exercise

• Full Activation Exercise
• Pandemic Tabletop Exercise
• Work-from-Home Plan Exercise
Know Where To Go for Help

Your relationship with your community and outside agencies can strengthen your ability to protect your employees and property and return to normal operations. Maintain a channel of communication with community leaders, public safety organizations such as the police, fire and emergency medical services, government agencies, utility companies, and others. Working together with outside agencies can be beneficial because they can provide a wealth of information to help you recover quickly from a disaster.

Refer to the resources below for more information about implementing disaster safety recommendations to help you prepare for and recover from natural or other types of disasters.

Insurance Institute for Business & Home Safety
In addition to providing this free business continuity tool kit, IIBHS provides free disaster preparedness and property protection guidelines, recommendations and projects for small businesses. The Institute also offers post-disaster recommendations on repairing and rebuilding to make your building(s) stronger and safer the next time a disaster strikes.

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American Red Cross
Among other disaster preparedness and response services, the Red Cross offers a number of preparedness training programs and resources for workplaces, families, and individuals.

www.redcross.org

Business Civic Leadership Center – Disaster Help Desk
The BCLC Help Desk is designed to enhance community economic recovery after a disaster. The Help Desk provides on-the-ground coordination of information among businesses, local chambers of commerce, NGOs, government responders, and disaster recovery specialists.

http://bclc.uchastings.edu/site-page/disaster-help-deck-business

DisasterAssistance.gov
Provides information on how you might be able to get help from the federal government before, during and after a disaster. If the President of the United States makes help available to individuals in your community after a disaster, you can visit this site to apply online.

http://www.disasterassistance.gov

Federal and Local Emergency Management Agencies
Even the largest, most widespread disasters require a local response. Local emergency management programs are the core of the nation’s emergency management system.

http://www.fema.gov/regional-operations/state-Offices-and-agencies-emergency-management

Internal Revenue Service – Disaster Assistance and Emergency Relief for Businesses
The IRS offers audio presentations about planning for disaster. These presentations discuss business continuity planning, insurance coverage, record keeping and other recommendations for staying in business after a major disaster.


Small Business Administration
The U.S. Small Business Administration provides loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses following a disaster.

http://www.sba.gov/

Small Business Development Centers
The SBDC assists small businesses with financial, marketing, production, organization, engineering and technical problems, as well as feasibility studies.

http://www.sba.gov/content/small-business-development-centers/ sbdc

http://www.sbdcsﻻc.org/
Additional FREE Resources

- Red Cross Ready Rating™ Program
- U.S. Department of Homeland Security
- FEMA
- Prepare My Business
- Ready
- Big Business - Small Business Emergency Management Mentorship Program

Continuity Planning Guidance
Insurance will Help you AFFORD to Recover

- Business Income & Extra Expense
- Contingent Business Interruption
- Supply Chain
- Services Interruption/Off Premises Power
- Interruption by Civil or Military Authority

- Extra Expense
- Equipment Breakdown
- Cyber Risk
- Key Man
Common Excuses for NOT Planning

• We thought it would never happen to us
• We had more important things to think about
• We thought we were too small to need a plan
• We backed up our computers and thought that was enough
• We didn’t know where to go for help
• We thought we had no risk
• It takes too much time
• It takes too much money
Choosing your Business Continuity Planner

- Dedication
- Ability to learn
- Integrity
- Interaction
- Adaptable
- Organizational skills
- Vision
- Uncompromising
- Ability to listen
- Resolute
- Straight forward
- Multitasker
- Good salesman
- Ability to listen
- Strong
- Determination
- Subject matter expert
- Skills
- Investigative
- Respected
- Trust Fearless
- Inquisitive
- Think outside the box
- Passionate
- Diplomatic
- Training expertise
- Adaptable
- Courageous
- Self awareness
- Helpful
- Hard decisions
- Knowledgeable
- Innovative
- Analytical
- Positive Attitude
- Listening
How important are paper-based BC plans?

- 55.6% Essential
- 24.8% Quite Important
- 19.7% Not Important

- As backup in case electronic copies are unavailable. Conversely, electronic versions should be available as backup to paper copies. Neither is "better" than the other on their own.

- No electricity - no computers - no business. Hence, paper copies of the BC plan as reference documents are very important.

- Have various copies in all media formats. Paper copies at work, home, trunk of car, including copies in the cloud, company server, etc.

Continuity Central Survey – August 2013
Promote Employee Awareness

• Business Continuity Facebook page or on Company Intranet
• Newsletters featuring BC articles
• Lunch-n-Learn meetings
• Posters & Flyers
• Contests
• Training Videos
• Preparedness Campaigns
• Email Reminders & Alerts
• Business Continuity Day
Promote Personal Preparedness

• Basic necessities - download a copy of the Recommended Personal Emergency Preparedness Supply List (ready.gov)

• Contact information for family members, neighbors, doctors, dentists, utility providers

• Copies of important documents (birth certificates, marriage license, insurance policies, medical history, etc.)

• Create a plan using a free online tool and/or mobile app

In the event of an emergency, you should store at least one gallon of water per person per day. This single bottle of water will hopefully get you on your way.
Avoid Business Continuity Pitfalls

- Closely-Guarded Secret
- Outdated
- Lack of Buy-In
- A Book of Lists
- Not Prioritized
- Untested
- Based on a Specific Scenario
Disaster Planning Made Easier

DisasterSafety.org/open-for-business
www.DisasterSafety.org
Commercial Maintenance

Proper Maintenance and Timely Repairs: How to Protect Your Business from Storm Damage

Data Protection: A Vital Part of Business Protection

How to Navigate Stormy Weather: EMERGENCY PREPAREDNESS AND RESPONSE PLANNING

Many businesses are not prepared to respond to a natural disaster. Disaster statistics show that 70% of the businesses that fail after a disaster, at least one insurance never recover. Small businesses are particularly at risk because they may have all their operations concentrated in one location. That's why it's crucial to have a solid plan in place.

Commercial Generators: An integral part of any business preparedness plan

Insurers are integral parts of the preparedness planning process. With commercial business continuity needs in mind, this article discusses the importance of having a generator on-site. A power outage can be a major disruption to a business, and having a generator on-site can ensure that the business remains operational during an emergency. The article also covers the types of generators available, their specifications, and the importance of regular maintenance.

The Importance of Regular Maintenance

Choosing and maintaining a generator is crucial for businesses. Regular maintenance can help ensure that the generator is functioning properly and can reduce the risk of costly failures. Regular maintenance also helps ensure that the generator is operating efficiently, reducing the cost of energy and increasing the lifespan of the equipment.

Power Disruptions

Power disruptions can have a significant impact on businesses, especially those that rely on electronic systems. In the event of a power outage, businesses may lose access to their computer systems, leading to lost productivity and even financial losses. To mitigate the impact of power disruptions, businesses should have a backup power source, such as a generator, and a plan in place to quickly restore power.

The NEED FOR PLANNING

Effective planning is crucial for businesses to ensure they are prepared for any power disruptions. This involves developing a comprehensive plan that outlines the steps to be taken during a power outage, including identifying critical systems and prioritizing their restoration.

WHY YOUR SYSTEM IS AT RISK

Businesses often overlook the importance of power disruption planning, which can put them at risk. A lack of preparedness can result in critical systems failing, leading to data loss, downtime, and potential financial losses. To prevent these issues, businesses should invest in a robust power disruption plan and regularly review and update it to ensure it remains effective.
IBHS ZIP Code Web-based Tool

Enter your ZIP Code below to discover the risks you face.

13905

Zip Code Risk Search Results

SEARCH RESULTS

ZIP CODE = 13905

FLOOD
HIGH WINDS
WINTER WEATHER
WILDFIRE

Freezing Weather
Winter weather can cause a number of problems ranging from water leaks to burst pipes and roof collapses. All homes and businesses potentially can be at risk from damage during prolonged periods of freezing temperatures or in the case of heavy snow accumulations. Falling temperatures also mean increased fire dangers linked to the use of heating devices. Rising fuel costs and environmental concerns have resulted in a rise in the use of alternative heating devices, which can pose increased property risks if not properly installed and maintained.

Advice for Staying Safe and Warm
In many areas the temperatures are plummeting. If you are at home and without power, IBHS offers guidance for using alternative heating devices.

Build a Plan for a Power Outage
How to safely keep the heat and lights on during a power outage.

Disaster Planning: There’s an App for That
The new Know Your Plan app gives you the mobile power and organization to help keep your family and your home safer during a disaster.

Installing Weather Stripping & Seals
Find out how both weather stripping and caulking can reduce your energy bills, as well as your winter weather risks.

Prevent Roof Collapse on Homes
Guidance for understanding how much snow is too much.

Preventing Frozen Pipes
Frozen pipes are one of the biggest risks of property damage when the temperature drops.
Are you ready for tomorrow?

- Monday, October 29, 2012
  Hurricane Sandy
- Monday, August 24, 1992
  Hurricane Andrew
- Sunday, May 22, 2011
  EF5 Tornado in Joplin, MO
- Thursday, January 9, 2014
  WV Chemical Spill
- Tuesday, January 28, 2014
  Atlanta’s Snowpocalypse
• 75,000 gallons of Crude MCHM leaked into the Elk River in Charleston, WV

• 100,000 customers (or 300,000 people) of the Kanawha Valley Water Treatment Plant in 9 counties were told not to drink, bathe, cook or wash clothes with tap water

• All businesses with a health permit were instructed to close

• “Do Not Use” order lasted from Thurs, Jan 9 until Fri, Jan 17
Thank you

Questions?

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