Building Economic Resilience to Disasters: Developing a Business Continuity Plan

Buffalo Niagara Region
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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
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
Natural Disasters Wreak Havoc on Small Businesses

- 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.
57% of small businesses have no disaster recovery plan, and of those that do have a plan, 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
Hazard & Vulnerability Assessment – Know Your Risks

**Frequency** – The likelihood that the event will occur.

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

<table>
<thead>
<tr>
<th>NATURAL</th>
<th>POLITICAL</th>
<th>MAN-MADE</th>
<th>TECHNOLOGICAL</th>
<th>OTHER THREATS</th>
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</thead>
<tbody>
<tr>
<td>Earthquake</td>
<td>Strikes</td>
<td>Sabotage</td>
<td>Software Failure</td>
<td>Pandemics</td>
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<td>Tornado/Wind</td>
<td>Riots</td>
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<td>Hurricanes</td>
<td>Civil Disturbances</td>
<td>Scandal</td>
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<td>Floods</td>
<td>Bomb Threat</td>
<td>Workplace Violence</td>
<td>Data Corruption</td>
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<tr>
<td>Volcanic Eruptions</td>
<td>Biological Threats</td>
<td>Sexual Harassment</td>
<td>Cooling System Failure</td>
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<td>Severe Winter Weather</td>
<td>Nuclear Threat</td>
<td>Fraud / Theft</td>
<td>Data Corruption Failure</td>
<td>Product Liability</td>
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<td>Wildfire</td>
<td>Acts of War</td>
<td>Arson</td>
<td>Wiring and Cables</td>
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<td>Drought</td>
<td></td>
<td>Terrorist Attack</td>
<td>Mechanical Systems</td>
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<td>Sinkholes</td>
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<td>Communications</td>
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<tr>
<th>SECURITY</th>
<th>ACCIDENTS</th>
<th>LOSS OF:</th>
<th>OTHER THREATS</th>
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<tbody>
<tr>
<td>Privacy</td>
<td>Human Error</td>
<td>Key Employee</td>
<td>Pandemics</td>
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<tr>
<td>Viruses</td>
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<td>Hackers</td>
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<td>Subject Matter Expert</td>
<td>Media Crisis</td>
</tr>
<tr>
<td>Data Theft</td>
<td>Building Collapse</td>
<td>Key</td>
<td>Special Events</td>
</tr>
<tr>
<td>Counterfeiters</td>
<td>Environmental</td>
<td>Supplier/Vendor</td>
<td>Mismangement</td>
</tr>
<tr>
<td>Cybercrime</td>
<td>Contamination</td>
<td>Premises</td>
<td>Product Liability</td>
</tr>
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Know Your Operations

- People
- Technology
- Premises
- Critical Activity
- Key Product
- Activity
Gathering Information
Critical Business Functions – Develop Workaround Methods
Know Your Employees

**OFBE-Z**

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:

OFBE-Z is a program of the Insurance Institute for Business & Home Safety. Download this document at business.firesafety.org/ez.

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Know Your Key Customers, Contacts, Suppliers & Vendors

Customers
Contacts
Suppliers & Vendors

[Image of a business address book]
Have a Communication Plan for Your Employees

• Call Tree
  o Landline
  o Mobile
  o Text
  o Email

• Call-in Number
  o 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 Information Technology**

Use this form to list the computer equipment, hardware and software, vital records and your back-up processes that you will need to fulfill your critical business functions. Duplicate the form for each item or record.

**TYPE:**
- [ ] Computer Equipment/Hardware
- [ ] Computer Software
- [ ] Vital Records

**Item:**
- Title and Version/Model Number:
- Serial/ Customer Number:
- Registered User Name:
- Purchase/Lease Price:
- Purchase/Lease Date:
- Quantity (equipment) or Number of Licenses (software):
- License Numbers:
- Technical Support Number:
- Primary Supplier/Vendor:
- Alternate Supplier/Vendor:

**Notes:**

**Name of vital record:**
- Name of Business Function Vital Record Supports:
- Type of Media:
- Is it Backed Up?
- How Often is it Backed Up?
- Type of Media for Backup:
- Where is it Stored?
- Can the Record be Re-Created?

**Notes:**

OFB-EZ is a program of the Insurance Institute for Business & Home Safety. Download the document at insuresafehome.org.
## 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?
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

Table Top Exercise: Power Outage Scenario

It is now 7:30 AM on Monday. Three days later. The
time is now 2:00 PM. Employees are asking if
they can start early. The worst around town is that the
power might be restored for several days:

1. How will you communicate this message?
2. What instructions will you convey to your
   employees? Customers? Vendors?
3. Are you going to declare a disaster in order to
   activate your business continuity plan?
4. Continue your discussion with the
   following questions:
5. How are people within the
to formulation with each other, e.g.,
   sending and receiving messages, information,
   and response details? How are they
   communicating with other stakeholders, e.g.,
   your customers and clients, the media?
6. Is there a pre-determined and agreed
   upon central meeting place for company
   leaders, management, and employees?
7. Is there a copy of your business continuity
   plan that you can easily retrieve?
8. Are there any business processes for
   which there are manual workarounds?
   If so, discuss how that would happen.
9. How would you find an appropriate place to
   operate from for the remainder of the day?
   For the next one to two weeks, if necessary?
10. Have you begun an assessment that includes
    an analysis of the status of employees,
    customers, operations, and external utilities?
11. How would you ensure that customer
    concerns are resolved?
12. Have you begun to determine how much data
    was lost and how that will affect your operations?
13. Some employees are asking, "How will
    you 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, IHHS 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.

http://disastersafety.org

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.usnumber.com/site-page/disaster-help-desk-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 in 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 tax assistance 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/

http://www.sba.gov/services/disasterassistance/disasterpreparedness/

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.sbdcs.org/
Additional FREE Resources

- Red Cross Ready Rating Program
- U.S. Department of Homeland Security
- FEMA
- 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

Knowledgeable Adaptable Courageous

Dedication Adaptability Self awareness Helpful

Ability to learn Hard decisions Diplomatic

Integrity Interaction Training expertise Adaptable

Straight forward Organizational skills Good salesman

Ability to listen Multitasker Strong

Positive Attitude Analytical Inquisitive

Listening Think outside the box Passionate

Innovative Trust Fearless Determination

Investigative Subject matter expert

30
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.
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
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

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**Stay Open for Business**

**OFB-EZ**

Disaster Safety for Business

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**The Easy Way to Prepare Your Business for the Unexpected.**

Prepared by the Insurance Institute for Business & Home Safety (IBHS), which is an independent nonprofit, scientific research and communications organization supported by the property insurance industry. The institute works to reduce the social and economic effects of natural disasters and other risks on residential and commercial property by conducting building science research and advocating improved construction, maintenance and preparedness practices.

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DisasterSafety.org/open-for-business
Commercial Maintenance
IBHS ZIP Code Web-based Tool

Zip Code Risk Search Results
SEARCH RESULTS
ZIP CODE = 14304

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?

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  Hurricane Sandy
- Monday, August 24, 1992  
  Hurricane Andrew
- Sunday, May 221, 2011  
  EF5 Tornado in Joplin, MO
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Questions?

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