

# Chapter 1

## Introducing Business Continuity

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### *In This Chapter*

- ▶ Defining business continuity
  - ▶ Discovering the terms and concepts
  - ▶ Getting to grips with business continuity
  - ▶ Understanding that business continuity is for you
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**I**f you think that business continuity (BC) is only for big businesses and companies, get ready to have that myth well and truly busted, because that's far from the case. BC is simply taking responsibility for your business and giving it every chance of staying on course when harsh winds come a-blowing. BC can help give you a good idea of the risks you face, as well as providing plans and strategies to assist you if any of these events materialise. You don't need to hire specialist consultants, create a project team, have a full-time BC manager, spend big bucks or stop doing anything that you usually do.

The fact is that firms practising BC can more confidently embark on new ventures and projects or launch new lines because they have a better understanding of their business and the risks it faces. After all, it's your business and your responsibility to strengthen the firm's resilience. The decisions and actions that you take are what differentiates you from your competitors and determines whether your business is successful or not.

In this chapter, we introduce you to business continuity, including its main concepts and an overview of how it works. We also define a few key terms that you encounter throughout this book, which help you to get the most out BC.

## Introducing the Idea of Business Continuity

We're going to keep things simple, as we try to do throughout this book; in fact doing so is pretty easy because BC is in the main pretty straightforward. *Business continuity* is understanding your business, devising strategies based on this knowledge and recording these strategies into plans to enable you to trade through a disruption and recover afterwards.

Whatever the size of your business, the key principles of BC and the steps to follow remain the same:



- 1. Business Impact Analysis (BIA):** Understanding your business so that you're able to work out what's really important to it and the activities that produce these aspects or make them happen. In this part you identify:
  - Your key products and services
  - The critical activities on which they dependFlip to the next section, 'Revealing the Key Terms and Concepts', where we define these terms for you. Also, Chapter 4 has loads more on BIA.
- 2. Maximum tolerable period of disruption, recovery time objective and then recovery point objective:** The next part of your BIA is working out these three items, which are when you need to resume your critical activities, your objective time for resuming them and the level or point to which you need to resume them.
- 3. Risk assessment:** Looking at the risks to the critical activities of your key products and services. Assess Chapter 5 for more about risk.
- 4. Supply chain:** Understanding what influence you can have on those that supply to you and looking at what you can do to make your key products and services more resilient when others fail. (The later section in this chapter 'Considering your supply chain' and Chapter 6 have more information.)
- 5. Building resilience:** Creating strategies to ensure the continuity and recovery of your critical activities.
- 6. Business continuity plans:** Pulling everything together. You need to record all the above elements into plans, so that everyone knows what to do when disaster strikes. Flip straight to Chapter 8 for how to put together your plans.

## *Revealing the Key Terms and Concepts*

Just like anything else – well, anything of use! – BC involves the use of some specific and helpful terms. However, one of the many good things about BC is that you need to get to grips with only a few terms, and when you know and understand them, the whole concept becomes much clearer.

We touch upon most of these terms in the preceding section, but now we take a closer look at the terms that you encounter in the world of BC, and so get you ahead of the game. All the terms and concepts that we discuss in this section have one thing in common: they're about understanding your business.



As we take you through BC's key terms and concepts, keep in mind that these apply only to the most important aspects of your business: your key products and services, as we discuss in the next section.

## *Protecting your key products and services*

Business continuity is about stopping problems occurring, keeping things going when they do arise and recovering afterwards. Although the idea sounds quite simple when expressed like that, you soon realise that to do this for your entire business and everything in it would be unwieldy, complicated and near-impossible to achieve without something going wrong.

To avoid this situation happening, in BC you need to focus only on your *key products and services*: the important things that your business produces or delivers. We're talking about your flagship products or the services that draw customers to you; in a lot of cases, these are the aspects that make the most money or upon which your good reputation relies. We focus our attention on key products and services in this book for the simple reason that they're the most important things for your business's survival.

By looking at your business from the point of view of your key products and services, you discover what's most important and therefore what you need to keep running during a disruption.

## *Covering your critical activities*

Your business's key products and services rely upon activities to make them happen: these *critical activities* are what your products and services really need and rely upon. When operating together, they deliver your products and services to avoid the process failing.

Critical activities are time-critical; if a critical activity stops, before long a key product or service is also going to stop.



You identify your critical activities (and indeed your key products and services) by carrying out a *Business Impact Analysis*. In this analysis, you collect information from different areas in your business, the combination of which allows you to work out the activities that are really important to keep running during a disruption and the timeframes for recovering these before their failure causes irreparable damage.

Examining your critical activities allows you to identify the activities that must carry on to ensure that your key products and services continue.

## *Never exceeding your maximum tolerable period of disruption*

After you identify your key products and services, and the critical activities that you need to carry out to make them happen (check out the preceding two sections), you can calculate their *maximum tolerable period of disruption*.



Your maximum tolerable period of disruption tells you how long you have to get activities up and running before they become irrecoverable.

If you think that this all sounds rather drastic, you've put your finger on exactly why you identify this maximum period: to make sure that you never get to the end of it!

## *Calculating your recovery time objective*

To help ensure that you never reach a point from which your business can't recover (see the preceding section), you define a *recovery time objective*.



Your recovery time objective is the time by which you aim to have your critical activities up and running; it's usually far enough away from your maximum tolerable period to avoid ever getting too close to that sinking feeling. The recovery time is simply when you want to resume your critical activities by, looking at things ideally but realistically. The recovery time objective is always a shorter time than the maximum tolerable period of disruption.

## *Doing what's necessary: Your recovery point objective*

To help you with systems such as information technology (IT), you need to find a balance between complete recovery and restoring them to a 'that'll do for now' point. This latter point mainly concerns your data, with the most obvious question being: will yesterday's backup data suffice?

This stage is your *recovery point objective* and needs to be sufficient to keep you going so that you can focus on recovering other areas.

By creating a recovery point objective, you know to what level or point you need to recover these systems.

## *Assessing the risks to your critical activities*

You have to decide what specific risks you need to watch out for and protect your business against. You experience *risk* in the BC context when you face an uncertain outcome or the chance of something happening that may be good but inevitably is bad.

Here are the steps to take in assessing this area of your business, concentrating as always on the risks to your organisation's critical activities:



- 1. Risk assessment:** Although this step sounds daunting, we break it down into the simple mnemonic 'IERR-ing' on the side of caution, which leads you through the process of **I**dentifying, **E**valuating, **R**ecording and **R**esponding to risks.
- 2. Risk management:** In this step you regularly update and review your risks: the process and procedures for keeping your business covered against new and fluctuating risks by ensuring that your plans stay relevant to the current dangers.
- 3. Risk appetite:** When identifying your risks in Step 1, you no doubt come across some risks that you have to accept because they're too expensive to mitigate or their likelihood is so low, or a combination of both. The level that you accept depends on your *risk appetite*, which is the level of risk that your business is willing to accept, when you're aware of the likely consequences of certain events occurring. Risk appetite (like that for lunch!) varies from organisation to organisation and with the nature of your business and who runs it.

Turn to Chapter 5 to find out all about risk.

## *Discovering How Business Continuity Works*

When you have a handle on the aspects that we describe in the earlier section ‘Revealing the Key Terms and Concepts’, your BC journey is well underway. You can now go ahead and start identifying your crucial areas and appraising your risks – Chapters 4 and 5 show you how.

You also have the information to start thinking about practical aspects such as the resilience of your supply chain, creating your plans and testing them, and getting in people to help out.

### *Considering your supply chain*

Looking into how the various elements of your supply chain can affect your identified critical activities is a vital part of the BC process.

Your supply chain is indeed a chain of supply, usually beginning with the acquisition of raw materials or components and extending through to the delivery of products or services to the customer. This chain can include suppliers, manufacturing plants, logistics providers, distributors, wholesalers and many others.



Within your supply chain are a number of processes and focusing closely on them allows you to identify any *single points of failure* that exist. As the name indicates, these points are those in your processes that if lost or disrupted lead to the failure of the activity.

When you’re aware of your single points of potential failure, you can do something about them. We break down this process by using the key aspects to building resilience in your supply chain: CHAIN for Contracts and Relationships, Hierarchies, Assurance, Initiative and Needs.

Chapters 3 and 6 contain more on BC as it connects with your supply chain.

### *Selecting continuity strategies and building business continuity plans*

Of course, doing all the initial preparation and thinking about BC (as we discuss in the earlier section ‘Revealing the Key Terms and Concepts’) is pointless if you don’t then put everything to good use. The real value here is in the

planning and identifying of the strategies that you're going to adopt, but your plans are what enable you to pull it all together in a coherent way. You're going to need to use the information that you gather, along with your identified potential supply chain weaknesses, to devise your BC strategies and build your BC plans, as follows:

- 1. Continuity strategies:** In these strategies you decide what action to take to ensure that your critical activities continue in a crisis. You aren't devising a detailed, step-by-step guide for dealing with trouble at this stage, but instead working out the best, broader strategy for ensuring that your critical activities continue. In Chapter 7, we discuss options to use two different suppliers (known as *dual sourcing*), having a backup location, being able to access the servers remotely, having contingency stock and your staff being able to cover the key processes needed to deliver your critical activities.
- 2. Business continuity plans:** When you've thought about the sort of things that you can do to ensure the continuity of these activities, draw them together into a coherent set of BC plans that you can press into action when disruption strikes (see Chapter 8).

BC plans are usually referred to as a singular plan, which gives the impression that it's a single document covering everything. This is not the case, and the sensible approach is to break them down. Your own approach depends, of course, on the nature of your business, but in this book we break plans down into the following:

- **Emergency response and incident management:** What your immediate actions are going to be in an emergency, such as an evacuation. In effect, this is the management of the response to the incident and is likely to include things such as a communications plan.
- **Continuity:** Covers what you need to do to ensure that you can continue to deliver your critical activities and in turn deliver your key products and services during a disruption.
- **Recovery and resumption:** The plan to recover activities to a sustainable level, leading to resumption of operations to what your business describes as normal.

After you devise continuity strategies and pull them together into a plan or set of plans, you can start to look at ways of *embedding BC into your business*. The core of this activity is, of course, your staff.



If staff members understand what BC is and why it's important, they're more likely to take it seriously and ensure that it happens.

In Chapter 9, we cover the sorts of roles useful for your business to have in this area, while recognising that these aren't going to be full-time posts. We look at ways to use your staff in the best way through building your plan with a flexibility that gets around having a small workforce.

## *Exercising and testing*

Carefully thinking through strategies and plans is all very well, but you need to test them to make sure that they work. The middle of a disruption isn't the time to find out that your backup supplier can't actually supply you!

The best and most cost-effective way to validate your plans is to test them out. The key concept is to stretch your arrangements with a scenario and look for things that don't go according to plan. An *exercise* – a simulation of an event to test staff and the capability of your business to deal with a situation – rehearses a situation to discover whether a plan is fit for purpose. An exercise may affirm a good job done and boost confidence just as much as identify vulnerabilities.

Several different levels of testing exist, right up to a full-blown live exercise. Here are the four levels that we cover in this book:

- ✓ **Walkthrough:** Key staff get together and discuss whether, based on their combined knowledge of the business, a BC plan has everything it needs.
- ✓ **Desktop scenario:** Key staff members meet again to discuss a plan, but this time they take a deeper look at it under specific circumstances.
- ✓ **Time-pressured desktop scenario:** Here you progress to tackle some real business over a period of, say, two hours or so. This level involves feeding in fresh pieces of information to a scenario at certain points.
- ✓ **Active test in real time:** Also known as live play and what is, in effect, an exercise. All involved concentrate on a time-pressured scenario with fresh information, tackled in real time with normal operations suspended. The aim is to test staff and see whether people can do what you expect of them.

Chapter 11 has a whole lot more on testing and running exercises.

## *Consulting experts and insurers*

When you have your critical activities, dangers, weaknesses and plans clear, you may find that getting in an expert is easier than tackling some areas yourself (and certainly better than ignoring the problem entirely). For tricky areas such as IT, health and safety, fire safety, testing and trading standards, getting it right is essential, so unless you're certain, consulting those in the know is important (check out Chapter 12).





Ask your local authority whether it provides free BC guidance to businesses within its area and whether anyone can help your business by pointing you in the direction of local trade associations.

Generally, in this book the advice we provide is relevant to all businesses, no matter what sector or type. We do, however, give some more specific advice for manufacturing, retailers and professional services. Not to say that you should ignore this advice if you aren't a manufacturer, retailer or in a business providing professional services. On the contrary, Chapters 13, 14 and 15 contain a great deal of useful points for your business and are valuable if you come into contact with businesses in these sectors.

All businesses need to have insurance, but getting it right can be difficult with so many different policies available and so many different levels of cover and options. We give you some straightforward, common-sense advice in Chapters 2 and 12 on how to make sure that your insurance works for you. We also sift through the terminology to make it a subject that you no longer dread approaching.

## It'll never happen to me . . .

If you aren't sure whether BC is an essential initiative for your business, here's a plea for you to reconsider.

When most people think of disruptions they normally consider the big, newsworthy events that always shock but never seem quite real unless you're there. Take flooding, for instance. When parts of Cumbria were submerged underwater in 2011, or during the widespread flooding of England and Wales in 2007, hundreds of businesses were affected, and some were damaged to the point that they were unable to continue after the clear-up. But how many business owners sat there and thought about the consequences for their business if something like that occurred?

In 2007, a business owner in Hull said, 'I just wanted advanced warnings from the authorities.' Although this request is reasonable, fulfilling it is simply not always possible, and so the only way to mitigate uncertainty is to have

a plan in place for keeping your business going even when you receive little or no warning of events.

In addition, consider this: instead of the huge national event causing disruption, the situations that stop businesses without a plan in their tracks are the smaller occurrences, such as the burst water main in the car park, the overflowing cistern in the office toilet or the dishwasher water hose giving way. All businesses are surrounded by risks, not all of them grand, but the consequences can often be show-stopping. (We talk more about crises and disruptions in Chapter 10.) Perhaps we should have called this book *On with the Show*—and because the show is yours, so is the choice. Creating a BC plan may well be the most cost-effective and sound decision you ever make for your business.

Read Chapter 2 for more on what BC can offer your business.

