

HOW TO GET STARTED IN BUILDING A BUSINESS CONTINUITY PLAN

The first step in creating a comprehensive Business Continuity Management (BCM) Plan for your company may be the hardest one of all.

The situation could arise where you've been assigned the duty of creating a BCM Plan. However, you don't know where to begin – what to do, who to talk to, where to start, let alone how to complete it.

Not to worry. The Plan is simply a series of documents, teams, tasks, training and drills all united by senior management guidance and support. Still sounds daunting? Let's begin with the process of prioritizing each step and if they are addressed one at a time, in logical order, you will have an effective, functional BCM Plan in no time.

There can be many different strategies to develop a formal BCM Plan, but there are certain steps that must be dealt with to ensure you have imbedded your Plan into your overall business culture. The following steps are intended to be used as a guide that can assist you in building the most effective BCM Plan for your organization.

Management Support

Underlying an effective BCM Plan is the strong support of your organization's upper management. The Plan must become part of your corporate culture. Your organization's management must perceive it as an essential and integral part of the organization's strategy

and operations. It is absolutely critical to the success of your Plan that you first have management support. In addition to providing approval and enthusiasm, upper management must:

- Allocate financial and human resources to develop, implement and maintain the plan
- Appoint and support qualified individuals for the plan effort
- Provide oversight to align the plan with other business programs, policies and plans, such as mission statements, operating plans, recall programs, etc.

Establishing Policy and Organizational Structure

Once you've achieved management support, the first step in developing a formal BCM plan is to create a written policy statement. Each organization should have, as the first element in its plan, a written BCM policy statement that clearly reflects the organization's commitment to the process. The policy statement should:

- Define the purpose and objective of the policy
- Define the lines of authority
- Be fully endorsed by top management

The next step is to establish an organizational structure, which should clearly define the roles, responsibilities and chains of command for all individuals who participate in developing, implementing and maintaining the plan.



Program Management

Once you've established the company's policy and organizational structure, the next step is clearly defining the management process for the program. It is the responsibility of a company's board and senior management to ensure that the company identifies, assesses, prioritizes, manages and controls risks as part of the BCM process. They should establish policies that define how the company will manage and control the risks that are identified. The board and senior management should understand the consequences of these identified risks and continually support continuity management. The primary purpose of the management process is to provide the effective ongoing management of the organization's BCM program. Once the board and senior management have assigned appropriate personnel to manage the BCM process, the designated personnel should:

- Integrate BCM into every business decision
- Incorporate BCM responsibilities in applicable employee job descriptions and personnel evaluations
- Perform regular audits and conduct test annually or more frequently.

Business Impact Analysis

The business impact analysis (BIA) is the part of the BCM process that helps a business understand its financial and operational exposures in the event of an interruption. It identifies business processes that are critical to the survival of business and defines the time in which these processes must be returned to order to avoid significant impact to the overall recovery objectives.

It is important to emphasize that the BIA process is designed to identify business requirements and therefore is business-driven and not technology-driven. There are three key steps in the BIA process:

Step 1 – Identify appropriate business functions/processes to analyze

Step 2 – Identify appropriate participants for the analysis process

Step 3 – Conduct and validate the BIA information and obtain sign-off

As part of your BIA, you should make sure you are assessing your business continuity throughout the business process supply chain. When completing the BIA, business area should conduct an analysis of

their vendor dependencies as they apply to critical business processes. The first priority should be those vendors/suppliers that support the most critical business processes. Consider vendors who:

- Provide services that support your critical processes
- Perform critical business processes
- Perform development, maintenance and production support for business applications
- Provide business recovery services, such as an offsite location for your employees if your facility is inaccessible

Risk Assessment

The foundation of the Risk Assessment (RA) methodology is the definition of a critical outage. The definition of a critical outage for your business process establishes the basis for the assessment of interruption events. As a rule of thumb, the BIA should be completed before the RA to identify the critical functions that the RA should address.

The primary purpose of the RA is to identify the inherent risk of performing various business functions.

The two primary questions to consider when assessing the risk in a business function are:

1. What is the probability that things can go wrong?
(the *probability* of one event)
2. What is the cost of those things going wrong?
(the *exposure* of one event)

Risk is assessed by answering the above questions for various risk factors and assessing the exposure of failure and the impact of exposure for each risk factor. *Risk* is the probability times the exposure.

The RA should consider critical business functions such as:

- Personnel
- Automation
- Facilities
- Customers
- Interdependent companies
- Equipment
- Supplies and materials
- Transportation
- Vendors
- Vital records



Developing a BCM Response

A BCM response can help you identify many of the actions and resources needed to enable the organization to manage an interruption – whatever its cause. A BCM response is made up of two separate plans: *Crisis Management* and *Business Recovery*.

A crisis management plan defines how the strategic issues of a crisis affecting the organization would be addressed and managed. Crisis management can be considered the prevention and/or response phase of planning for and/or implementing the organization's reaction to an incident. The primary goals of this plan include the protection of life, ensuring safety and health of personnel; to limit and contain damage to facilities and equipment, to stabilize operational and public image impacts of an event and to manage and communicate information about the incident.

A business recovery plan outlines the processes and procedures an organization establishes to ensure that essential business processes can continue during and after a disaster until normal operations are restored. Business recovery plans are created to respond to and prevent a significant interruption of critical business processes as quickly and efficiently as possible. As part of the business recovery planning efforts, all operations should be grouped into pre-determined categories with assigned sensitivity level indicators for recovery operations. For example, Category A would be those operations that must be resumed immediately following an interruption. This category should be reserved for the businesses operations and processes that are necessary to the financial stability of your organization.

Testing and Maintenance

A successful BCM plan must have a testing program which begins simply and escalates progressively. It's important that all employees understand their roles and that they have the knowledge and skills to react promptly and effectively in a crisis situation. It's better to test and understand how the plan functions before a crisis, than to test it during a crisis.

There are many different testing methods and techniques that can be considered such as:

Tabletop exercises

In tabletop exercises, team members meet in a conference room setting to discuss their responsibilities and how they would react to various crisis situations. This is a cost-effective and efficient way to identify areas of overlap and confusion *before* conducting more demanding training activities.

Functional drills

These drills test specific functions such as medical response, warning and communications procedures, and equipment – though not necessarily all at the same time. Personnel can evaluate the system and identify the problem.

Evacuation drills

Personnel walk the evacuation route to a designated gathering area. Test the procedures for account for personnel.

Full-Scale exercises

During a full-scale exercise, a real-life emergency situation is simulated as closely as possible. This exercise involves all the employees, team members and appropriate community response agencies.

Even after you have created, documented, tested and implemented your BCM plan, the plan must remain a living document that is always current and ready to be activated should the need arise. Conduct a formal audit of the entire plan at least once a year.

These steps should give you a starting point of what is involved in developing a formal BCM Plan for your organization. Remember, begin with the process of prioritizing each step and if they are addressed one at a time, in logical order, you are on your way to developing your plan.

For more information, contact your local Hartford agent or your Hartford Loss Control Consultant.

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