

Business Disruption Planning

Companies need to plan for disruption, be it from employee absence or environmental causes, to avoid financial hardship.

According to David Paulison, former executive director of the Federal Emergency Management Agency (FEMA), 40% to 60% of businesses that are hit by a disaster don't survive. I would make the argument that small businesses are more susceptible to disruption than larger ones. We don't have the deep pools of employees and resources that provide layers of protection or alternative ways to get things done. Perhaps most crippling is the feeling that there isn't time to do anything beyond handling the day-to-day tasks of running the business. In a small business, planning for business disruption often is viewed as either well beyond "what is absolutely necessary" or something to be dealt with when disaster strikes.

Because of this mind-set, the first and perhaps toughest part of this process may be convincing yourself or the business owner that this planning needs to be done. This is particularly challenging when a business owner has an "I am the business" mind-set. At this point, I would suggest a frank discussion with the owner about

what he or she would do if there weren't any income from the business for a week, month, quarter, year, or if it were closed permanently. How would he or she support themselves and their family? If the owner has family members in the business, how would he or she anticipate them supporting themselves (or will the owner end up bankrolling them)? And if you are the owner, make sure you have definite answers to these questions as well.

Business disruptions include the big disasters and the many other events that can cause major interference with normal business processes. We're all familiar with the major weather events that can be disastrous for business, but how many of us have considered all the potential reasons we might have to evacuate our business location, including, but not limited to, fire, gas leaks, hazardous emissions from another facility, nuclear plant evacuation orders, or crime scene investigations?

It's also important to consider the smaller hurdles that affect normal business processes. We've all had responsibilities that take just a few minutes to deal with if handled in a timely manner (when all the facts and circumstances are

current) but take a very large chunk of time if you have to "recreate" the situation at a later date. This means that items that are put on hold have a tendency to snowball into larger obstacles.

The absence or distraction of essential staff (and, in a small business, the prolonged absence of any employee will probably cause a hardship) can be either a major disruption to the business or a smaller irritation that may grow into a larger disruption over time, depending on the employee's responsibilities. Don't believe your employees will ever be out for extended periods of time? Consider the following: illness (employee or family member), death of a family member, jury duty, personal legal issues, military service, just to name a few.

Having decided to tackle business disruption planning, you'll need to document existing procedures so you can see where the business is vulnerable. This includes both what gets done and who does it. A digital voice recorder and either a transcription program or service can be very helpful with this. (For a good discussion about using a "virtual assistant" for a task like this, check out *The 4-Hour Workweek* by



Timothy Ferriss.)

Some people may feel threatened by this process. It's helpful to point out that this is an opportunity for individuals to show what they do and how important it is to the company. Additionally, consider discussing the vacation or out-sick scenario. Most of us really don't want to come back to a huge stack of work—especially since several of the normally routine items may now be critical just because of the time they have been sitting. Another plus to the documentation part of this process is that it will make it easier to delegate some tasks. Ask your employee (or yourself) how many times you have thought you'd like to bring in some help with a task but haven't because of the necessary training time. Good documentation will help you with both the actual process of getting a task done and determining what can be delegated effectively.

Once you have documented the existing procedures, you need to prioritize the functions by how critical they are to the business. There are several resources on the Internet that you may find helpful in this step. They include the U.S. Small Business Administration's (SBA) disaster-planning website (www.sba.gov/content/disaster-planning), FEMA's website for businesses (www.ready.gov/business), the U.S. Department of Health & Human Services' Flu.gov website (www.flu.gov/planning-preparedness/business/index.html#), and www.PrepareMyBusiness.org, a website produced by the SBA and Agility Recovery, Inc.

When prioritizing, you may want to consider preparing grids,

process charts, or flowcharts. List the activities you consider essential to your business. How many other functions depend on the one you're evaluating? How long can this function be degraded or completely down before it damages or destroys the business? Be careful when answering these questions. If you don't regularly interact with or perform a particular function directly, you may not know its true significance. Check with the people who do depend on these functions. What functions do your employees consider critical that you may not personally encounter on a daily basis?

Now it's time to look at each essential function and get an idea of how vulnerable it is to disruption. For each function, list the ways it could be degraded or disrupted. Be aware that there can be multiple categories of disruption for any single function, including staffing issues, equipment failure, vendor problems, evacuation, and so on. Is this area deeply staffed? How many people can be out and still have the function completed accurately and on time? Is any part of this function dependent on one specific vendor for an important item? If yes, are there plans for how to source the item(s) if you can't get it from that vendor? Can you quickly and easily find substitutes for these items, be they widgets for the production line or rolls of toilet paper that fit the dispensers in your facilities? Is there key information that's "stored" in an employee's head? What do you do if that person isn't available or, through injury or illness, can't remember what you need to know? I hope this came

up and was dealt with in the documentation process. If it wasn't, the company will need to have a work-around if something happens to that person.

If your family owns the business, you'll need to look at the impact your family members have on each function and the business as a whole. How many of the family members can be out without seriously disrupting the normal business process? What kinds of events could result in the absence of most or all key personnel? What plans are there to "take care of business" while the family is away or distracted? How long can the business sustain itself without the family members?

The next step is to sort out what you'll do in the event of a business disruption. This planning needs to be done both at a function-by-function level and for the business as a whole. It should be documented and will be different for each entity and each function within that entity. Some solutions will be obvious as the systems are documented (for example, working with a staffing agency or backup arrangements for equipment leasing), while others may require more creativity and out-of-the-box thinking.

Once you have completed a plan, test it. Don't assume that it works because logic says it should. Also remember to periodically repeat the planning process. Things change, and that means documentation and plans will need to be updated.

Taking the "We'll cross that bridge when we get to it" approach to business disruptions

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usually means a business won't survive if the disruption is substantial. I encourage you to find alternate paths before your primary bridge is washed away. For more discussion of this topic, please join us in the Small Business Center on *LinkUp IMA* (<http://linkup.imanet.org/imanet/Communities/ViewCommunities/GroupDetails/?CommunityKey=0ae259a8-08cf-4d29-becb-13b61a3ec358>). **SF**

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