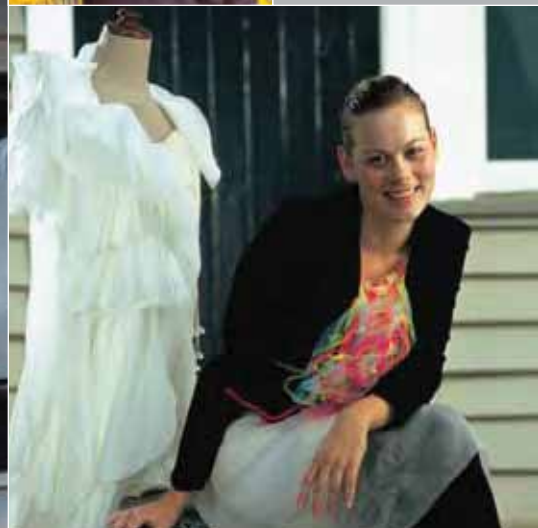
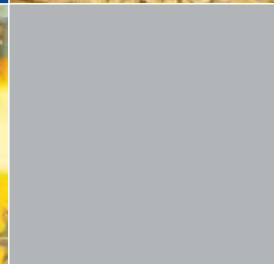
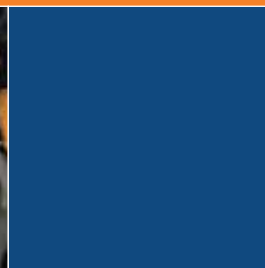


Building Business Resilience

# Business Continuity Planning



*Guide*

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## Disclaimer

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# The comprehensive approach

## Introduction

The comprehensive approach to disaster management recognises four elements of emergency/disaster management – Prevention, Preparedness, Response and Recovery (PPRR). PPRR is a framework or model which has been used by Australian emergency management agencies since the 1980's. The model anticipates crises and utilises sequential planning and implementation of actions before, during and after an event.

By following this approach you will be able to develop a Business Continuity Plan for your business.

## What is the comprehensive approach?

The comprehensive approach to emergency or disaster management incorporates the key components of Prevention, Preparation, Response, and Recovery (PPRR).

- **Prevention:**
  - Actions taken to reduce or eliminate the likelihood and/or effects of an incident. This element is largely covered by Risk Management Planning.
- **Preparedness:**
  - Actions taken prior to an incident to ensure an effective response and recovery. This element is largely covered by Business Impact Analysis.

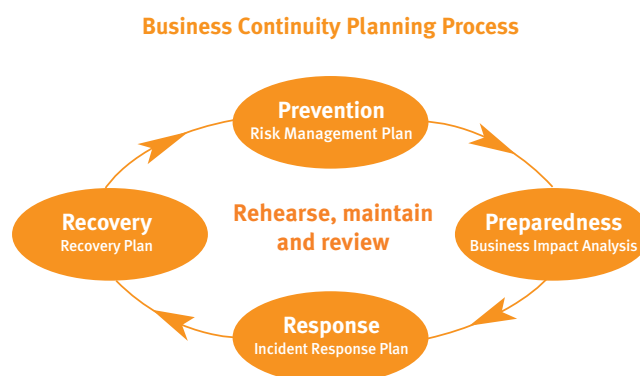
- **Response:**
  - Actions taken to respond to an incident in terms of containment, control and minimising impacts. This element is largely covered by Incident Response Planning.
- **Recovery:**
  - Actions taken to recover from an incident in order to minimise disruption and recovery times. This element is largely covered by Recovery Planning.

As part of the whole process of developing your Business Continuity Plan there should also be rehearse, maintain and review components where actions are taken to ensure your plans continue to meet the needs of your business over time.

Depending on the size and nature of your business, you may choose to have separate Risk Management, Business Impact Analysis, Response and Recovery Plans, or for a small business, a single plan that incorporates all the above elements may be sufficient.

## Business Continuity Planning

Business Continuity Planning is a process used to develop a practical plan for how your business could recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster. The resulting plan is called a Business Continuity Plan (BCP).



# Prevention

## Introduction

Prevention includes the identification of risks, the assessment of threats to life and property, and ensuring protective measures are in place to reduce potential loss of life, property and business damage. Risk management largely captures the entire prevention aspect of the comprehensive approach.

## What is risk?

A risk is the likelihood of something happening as a result of a hazard or threat and the impact it will have on your business activity. Risk arises out of uncertainty. It is measured in terms of the likelihood of it happening and the consequences if it does happen.

## Risk and business

Every business has risks. Just think for a moment about the hundreds of things that most business owners worry about. While a few are predictable, others are not. You can, however, plan for and control risks to a certain extent. Some of these could be changing salary costs, taxes, overhead expenses, equipment and supply costs.

Others are unpredictable and largely beyond your control such as actions your competitors may take, changing tastes and trends, disasters, industrial accidents and global economic factors such as rising oil costs and increased costs of raw materials.

These events can, and do, happen to businesses all the time. They can directly affect your day-to-day operations or impact on profits and result in financial losses that may be serious enough to cripple the business or even bankrupt it.

It is not always easy to recognise the hazards or threats that can lead to adverse consequences. For example, unless you have experienced a fire you may not realise how extensive fire damage can really be. Damage to the building and its contents are obvious exposures, but you should also consider damage from smoke or water, damage to employee's property (personal belongings, tools etc) and to property belonging to others (machinery and equipment leased from other businesses). There is also the impact on the business during the time that it takes to get the business back to normal and the effect of customers and staff who may not return when you re-open the business.

## What is risk management?

The risk management process consists of a series of steps that, when undertaken in sequence, enable continual improvement in decision-making. They are:

Step 1: Identify risks that could impact your business.

Step 2: Analyse risks to assess their impacts.

Step 3: Evaluate risks to prioritise their management.

Step 4: Treat risks to minimise their impact.

Step 5: Develop and review your Risk Management Plan.

Risk management is not something that you will do once – you will need to constantly monitor and review the strategies you are using to manage risk. Risks do not always remain the same. You may find that, over time:

- new risks are created
- existing risks are increased or decreased
- risks no longer exist
- the priority order of risks changes
- risk treatment strategies are no longer effective.

## Benefits of risk management

Risk management processes are all about businesses reviewing all areas of the business to evaluate possible risks and putting in place strategies for treating those risks. Sound strategies would assist in producing the following benefits:

- ensuring business continuity
- reducing insurance premiums
- reducing your chance of being sued in certain circumstances
- reducing the time when the business may be unable to operate
- allowing for a plan to replace key personnel
- reducing the loss/damage to machinery and other equipment that is necessary for the efficient running of the business
- strengthening your capacity to stay in business.

There are also limitations with the risk management processes that you should be aware of, including:

- risk management will not eliminate all risk – it is impossible to plan for and treat all of the risks to your business
- accidents can and will happen, and this may lead to an incident
- your ability to manage risk will be influenced by your resources, budget, time and the information that you have available to you.

## Identifying risks

Risks can be both internal and external to your business. Risks can be hazard based (for example chemical spills), uncertainty based (such as natural disasters) or associated with opportunities (taking them up or ignoring them). Businesses often fail to look at risk broadly enough and tend to consider the most obvious things like fire, theft, and market competition. The questions to ask yourself are:

- What could cause an impact?
- How serious would that impact be?
- What is the likelihood of this occurring?
- Can it be reduced or eliminated?

Some common risk categories are listed below.

- Natural disaster events (e.g. floods, storms, bushfire, drought, pandemic)
- Legal (e.g. insurance, liability, staff, safety, warranties, contracts)
- Technology (e.g. failure, obsolescence)
- Regulatory (e.g. water restrictions, restriction on operation time, quarantine restrictions, carbon emission restrictions)
- Property and equipment (e.g. fire, flood, vandalism)
- Environmental (e.g. chemical, pollution)

- Workplace Health and Safety
- Security (e.g. theft, fraud, technology intrusion, IP, terrorism, extortion)
- Economic and financial (e.g. rising input costs, interest rates, product life cycle timeframe, failure to pay)
- Personnel (e.g. industrial relations, human error, inability to fill vacancies)
- Supply chain (e.g. failure, interruption)
- Inputs (e.g. rationing, restrictions, removal of item from supply)
- Market (e.g. changes in consumer preference, competition)
- Political/civil unrest (e.g. from supplier countries or in countries to which you export)
- Government policy changes (e.g. tax, industrial relations, carbon footprint policy)
- Failure/interruption of utilities and services (e.g. power, water, transport, telecommunications)

Once you have established the categories of risk that could affect your business you need to identify the risks within each category. You can do that in a number of ways, including brainstorming with key staff members.

# Prevention



## Case study – Bill Smith Saddlery

Throughout this workbook we will be referring to a fictitious business run by Bill Smith. Bill is 34 years old, married with two children. He is the Director and sole shareholder of “Bill Smith Saddlery” which he has owned and operated since 2000.

He has:

- two stores (Warwick and Beaudesert) plus online sales
- one factory (at home) making saddles and other accessories
- six staff (three full-time and three casual)
- revenue \$95,000 per month.

Let’s look at identifying the risks to his business that would affect his ability to continue to operate and profit. Through the identification of these risks Bill will be able to develop a risk management plan that protects his business from potential harm.

The key assets of his businesses are:

- stock/inventory
- Intellectual Property (saddle designs)
- factory premises.

The main sources of income for his business are:

- sale of saddles and accessories to the recreational horse industry customers
- sale of saddles to Queensland saddleries (wholesale).

His key resources are:

- factory equipment
- saddle materials.

Listed below are three risks to his business that can be prevented:

- loss of production
- loss of key supplier
- insufficient cash to meet expenses.

Listed below are three risks that cannot be prevented:

- loss of staff
- natural disaster
- loss of on-site records.



## Analysing the risks

Once you have identified the risks to your business, you need to assess the impact of those risks. You want to separate minor acceptable risks from major risks which must be managed immediately.

This involves deciding on the relationship between the likelihood (frequency or probability) and the consequences (the impacts) of the risks you have identified.

$\text{Risk} = \text{consequence} \times \text{likelihood}$

The result is a level of risk, often described as low, medium, high or very high, that should be analysed in relation to what you are currently doing to control it. Remember, control measures decrease the level of risk, but do not always eliminate it.

This risk analysis can be documented in a matrix. Different organisations use different ratings, and you may want to tailor something to suit your own business. A simple example of a risk matrix is given below.



## Case study – Bill Smith Saddlery

Looking at the identified risks to Bill's business, the consequence and likelihood of each risk would be:

| Identified risk                       | Likelihood | Consequences |
|---------------------------------------|------------|--------------|
| 1. Loss of production                 | L          | VH           |
| 2. Loss of key supplier               | M          | H            |
| 3. Insufficient cash to meet expenses | L          | H            |
| 4. Loss of staff                      | H          | M            |
| 5. Natural disaster                   | M          | VH           |
| 6. Loss of on-site records            | M          | H            |

| Consequence | Likelihood |        |           |           |
|-------------|------------|--------|-----------|-----------|
|             | Low        | Medium | High      | Very high |
| Low         | Low        | Low    | Medium    | Medium    |
| Medium      | Low        | Medium | Medium    | High      |
| High        | Medium     | High   | High      | Very high |
| Very high   | High       | High   | Very high | Very high |

# Prevention

## Evaluating the risks

Once you have identified the risks to your business and analysed them for their likelihood and consequence, you need to evaluate your risks to determine whether they are acceptable or require treatment. You may decide that some risks are acceptable because the costs of treating the risks outweigh the benefits.

Those risks that are not considered acceptable or tolerable should be treated or controlled, in order to either reduce or eliminate negative consequences, or to reduce the likelihood of an adverse incident.

## Treating the risks

Risks may be treated in a number of ways including:

- avoid the risk – make the decision to discontinue the activities or processes giving rise to risk
- reduce or mitigate the risk – take measures to reduce the likelihood or impact of the risk
- share the risk – transfer or share a portion of the risk to reduce it
- retain or accept the risk – make a decision to take no action due to a cost/benefit analysis.

Insurance is one method of sharing risk. You pay an insurance premium, rather than run the risk of not being protected against the possibility of a much larger loss.

In business insurance you can decide which exposures you absolutely must insure against and which ones you can cover yourself.

Some decisions in this regard have already been made for you such as those required by law (eg workers' compensation) and others required by customers or clients (where lenders will finance a vehicle, but require you to take out insurance before they pass over the loan).

As far as obtaining insurance is concerned, make time for a full discussion with an insurance professional who will take you through all the methods of risk cover and put in place what the business needs. If you are not already insured or your current insurance cover has not been reviewed recently you should consider discussing your needs with your insurance company or your broker.

Aside from insurance, businesses can also treat risks through:

- developing contingency or 'back-up' plans
- quality control processes
- staff training
- implementing Workplace Health and Safety strategies
- properly maintaining facilities, plant and equipment
- using appropriate security devices
- establishing appropriate systems and controls e.g. segregation of duties (cash receipting, banking and accounting)
- undertaking pre-storm and cyclone season preparedness checks.





## Case study – Bill Smith Saddlery

In Bill's case the risks identified above could be treated as follows:

1. Loss of production – purchase business interruption insurance and source alternative production site.
2. Loss of key supplier – identify alternate suppliers and build working relationship with them.
3. Insufficient cash to meet expenses – introduce weekly cash flow reviews and quarterly forecasts to identify when and how much cash is required. Make adjustments to spending to ensure there is sufficient cash to meet expenses when required.
4. Loss of staff – ensure all staff are properly trained and there is succession planning in place.
5. Crisis/disaster – ensure insurance is in place and the business has a plan on how to respond in the event of a disaster, eg fire, severe storm.
6. Loss of on-site records – ensure back ups of computer records and financial data exist and are stored at a different location.

It is often either not possible or cost-effective to implement all treatment strategies. A business owner should aim to choose, prioritise and implement the most appropriate combination of risk treatments. For example, in the case of 'loss of production' above, the business may not be able to afford to purchase business interruption insurance because the cost of the insurance is greater than the potential financial loss. It may be more cost effective to source an alternative production site in the short term.

# Prevention

## The Risk Management Plan

The results of this risk management process for Bill Smith Saddlery can now be collated and displayed in a table as shown:

### Risk management plan – Bill Smith Saddlery

| Risk description                   | Likelihood | Consequence | Priority | Preventative action   | Contingency plans  |
|------------------------------------|------------|-------------|----------|---|--|
| Loss of production                 | L          | VH          | M        | <ul style="list-style-type: none"> <li>Purchase business interruption insurance</li> <li>Source alternative production site</li> </ul>  | <ul style="list-style-type: none"> <li>Immediate access to personal resources whilst waiting for insurance payments</li> </ul>   |
| Loss of key supplier               | M          | H           | M        | <ul style="list-style-type: none"> <li>Identify alternate suppliers and build working relationship with them</li> <li>Identify suitable substitute products</li> </ul>  | <ul style="list-style-type: none"> <li>Purchase from alternative suppliers or use suitable substitute products</li> </ul>  |
| Insufficient cash to meet expenses | H          | VH          | VH       | <ul style="list-style-type: none"> <li>Introduce weekly cash flow reviews and 13 week forecasts to identify when and how much cash is required</li> <li>Make adjustments to spending to ensure there is sufficient cash to meet expenses when required</li> </ul> | <ul style="list-style-type: none"> <li>Increase business working capital from personal cash reserves</li> </ul>  |
| Loss of staff                      | H          | M           | M        | <ul style="list-style-type: none"> <li>Ensure all staff are properly trained</li> <li>Put succession planning in place</li> <li>Locate recruitment agencies in your area</li> </ul>   | <ul style="list-style-type: none"> <li>Contact recruitment agency to source short term contract staff until suitable permanent replacement staff can be sourced</li> </ul> |
| Natural disaster                   | M          | VH          | H        | <ul style="list-style-type: none"> <li>Ensure insurance is in place</li> <li>Develop a business contingency plan on how to respond in the event of a disaster, eg fire, severe storm</li> </ul>   | <ul style="list-style-type: none"> <li>Immediate access to personal resources whilst waiting for insurance payments</li> </ul>   |
| Loss of on-site records            | M          | H           | H        | <ul style="list-style-type: none"> <li>Ensure there are back-ups of computer and financial records</li> <li>Store a copy of all data at a separate location</li> </ul>  | <ul style="list-style-type: none"> <li>Use back-up data to restore lost files</li> </ul>   |

Key: VH = Very high  
H = High  
M = Medium  
L = Low

## Key points

### Understand your business

You need to have a complete picture of the interactions inside your business and between you, your customers and suppliers. Make sure that you also understand the environment you operate in.

### Assess the risks to your business

Every business has risks. You need to identify and analyse the risks that may have an adverse affect on your business and choose the best method of dealing with each of these identified risks.

### Be realistic

Determine which risks you can accept and which ones you need to treat. Put strategies in place for treating those risks. Ask yourself, how much could you afford to lose if a crisis prevented you from doing business for days, weeks or months? How would suppliers, customers and potential customers react if your business received adverse publicity because you were unprepared for a critical incident?

### Take a long-term approach

Regularly review and update your risk assessment to keep up with the changes in the business and the variations in your risk. This is an ongoing process otherwise it will lose relevance. Ensure your staff understands that risk management is everyone's responsibility.

# Preparedness

## Introduction

Preparedness involves:

- taking action prior to an incident occurring to ensure an effective response and recovery
- being proactive and planning for the likelihood of an event that has the capacity to interrupt your business operations
- a personal commitment to dispel any thoughts that “it won’t happen to me”.

Preparedness is all about being proactive and planning. Business Impact Analysis (BIA) largely captures the preparedness aspect of PPRR.

## Business Impact Analysis

Every business has numerous activities in its overall operations but only a percentage will be key to its survival. The purpose of a Business Impact Analysis (BIA) is to gather information to determine basic recovery requirements for your business in the event of a crisis. It will show which parts of your business will be most affected by an incident and what effect it will have upon the business as a whole. In other words, a BIA is used to establish:

- your critical business activities
- the resources required to support each activity
- the impact of ceasing to perform these activities.

As part of your BIA you should assign Recovery Time Objectives (RTO) to each activity. The RTO is the time from which you declare a crisis/disaster to the time that the critical business activity must be fully operational in order to avoid serious financial loss.



## Case study – Bill Smith Saddlery

The Department of Primary Industries & Fisheries (DPIF) has declared an alert due to the suspicion of a series of Equine Influenza (EI) outbreaks in SE Queensland. The DPIF had previously been in an investigation phase where it collected and collated disease data. The DPIF has notified (via an Industry Alert) relevant stakeholders and key response staff have been placed on standby. No restrictions are currently in place.

In preparing for a possible outbreak of EI, Bill needs to identify the key information about his business.

Key stakeholders:

- bank
- landlord
- leather supplier
- equipment lessor
- staff
- customers.

Critical business activities:

- purchasing materials
- purchasing stock
- manufacturing
- distribution.

Description of critical business activities:

- purchasing of quality leather and materials for production of saddles
- purchasing of stock for the store at the lowest price from suppliers
- manufacturing process of saddles
- distribution of saddles to own store and others for sale.

Possible impacts:

- Revenue and costs:
  - probable drop in sales by up to \$20,000 per month
  - inability to pay fixed costs and rent due to decreased income.

## Key points

### Identify your critical business activities

Take the time to identify the operations that are most critical to the success of the business on a day-to-day basis, and determine how long you can go with each of those activities not available.

### Concentrate on the impact not the incident

What will the impact of the loss or interruption to critical business activities be on your business? Spend your time establishing exactly how it will affect your business and what you need to do to manage the situation. Identify the immediate impacts and subsequent consequences and get ahead of them if you can.

### Understand time frames

Assign a Recovery Time Objectives (RTO) to each activity. The RTO is the time at which the activity must be back in operation or impact to the business will result. Once an RTO is established for each activity, a prioritisation of the activities can take place.

### Use your BIA to inform your recovery planning

Your BIA will help you to determine the strategies or actions you need to include in your recovery plan.

- Staffing:
  - may be necessary to let some staff go
  - casuals would go first and a skeleton full time staff would be kept to operate the stores.
- Product/service:
  - popular products, such as saddles may not sell
  - apparel and clothing lines may continue to sell, but with a reduction in sales numbers.

#### Recovery Time Objectives:

- purchasing materials – 48 hrs
- purchasing stock – 1 week
- manufacturing – 2 weeks
- distribution – 2 weeks.

Priority of critical business activities (on a scale of 1 to 5 with 1 being the most important and 5 being the least important)

- purchasing materials – 2
- purchasing stock – 3
- manufacturing – 1
- distribution – 1.

# Response

## Introduction

The Response phase of PPRR occurs as the incident happens and immediately after. It covers actions taken to respond to an incident in terms of containment, limiting loss to life and property and preventing incident escalation. Response generally involves an operational, management and communications response. Incident Response Management largely captures the response aspect of PPRR.

## Incident Response Management

A crisis can be defined as anything that has a negative impact on your business. Incident Response Management is a business plan of action that is implemented quickly when such a negative situation occurs.

Although crisis events are often unpredictable, they are not always unexpected. Typically, these crises have the capacity to have negative financial, legal, political, or governmental repercussions on the business, especially if they are not dealt with in a prompt and effective manner.

## Examples of Business Crises

Hundreds of threats exist for every business. Crises can take many forms including:

- Natural disasters
- Pandemics
- Extortion or embezzlement

- Terrorist attack
- Industrial accidents
- Computer tampering
- Systems failure
- Product defects/recall
- Hazardous material leak
- Explosion
- Economic downturn

Of course, each business will have their own vulnerabilities and it is important that you spend time identifying those that could significantly affect the running of your business. Take a hard look at your business, examine potential vulnerabilities from every angle, and seek out potential problems in your dealings with your customers, your employees, and even your suppliers.

## Characteristics of a crisis

There are some common characteristics of all crisis events. They include:

- possible physical danger
  - physical safety and protection should always be your first priority during a crisis
- confusion, friction, pressure and stress will exist
  - when a crisis hits, take a few moments to stop and think
    - try to keep calm, issue clear instructions, and send for assistance if you need to

- key people will be busy and unable to do normal duties
  - crises can make it difficult or even impossible to carry out your normal day-to-day activities
- external support may be required
  - you may need to consult with the Police and/or Emergency Services
- lack of quality information, answers and time
  - during the first few hours of a crisis you may not know what to say, what to do or what's really happened – activate your Incident Response Plan to avoid making rash decisions
- media and stakeholder interest will be intense
  - activate your communications plan immediately a crisis is established – your communications with authorities and stakeholders must be open, honest, timely and accurate
- news travels fast
  - when a crisis develops, prompt and proactive communication is essential
    - the hours and days immediately following a crisis are often the most important in shaping public perception of the event



## Putting together an Incident Response Team

When a crisis hits time is a luxury you never have. Before a specific crisis occurs, you need to put together an Incident Response Team with the expertise to understand and evaluate the specific crisis and come up with the solutions that can help your business cope with it. Team members should have a backup and everyone must be clear about their roles. To be effective, an Incident Response Team should include:

- Team leader
  - The team leader should be someone who knows the business inside and out, and who can take full responsibility for the ongoing management of a crisis incident.
- Response team
  - This team, or individual in a small business, must be able to make decisions, approve recommendations and provide direction in the event of a crisis.
- Assessors
  - Assessors, along with their backups, are responsible for assessing the business interruption impact and providing feedback to the entire Incident Response Management Team.

- A spokesperson
  - The spokesperson should be the one voice responsible for all internal and external communications and should be trained in dealing with the media. Your spokesperson must create and build the perception that the business is under control; that the company knows and understands what is happening; and that it will resolve the situation.
- Others
  - Depending on your business, you may also include personnel from departments such as HR, IT, security and other specialists who have specific expertise regarding your business.

During a crisis do not burden your Incident Response Team members with other duties. The crisis should be their top and only priority.

## Your Incident Response Plan

Your Incident Response Plan should be simple without being simplistic. Although you will never be able to plan your response in detail for every possible event, remember that people need to be able to react quickly in an emergency – stopping to read lots of detail may make that more difficult.

### Your plan should include:

- clear direct instructions for the crucial first hour after a crisis hits
- a list of the personnel who have the authority to invoke the plan and under what circumstances this should occur
- a list of Response Team members and their backups as well as a detailed explanation of their roles and functions in response to a crisis
- checklists that people can easily follow
- an evacuation plan
- a ‘GO pack’ – an emergency kit containing critical documents and equipment which can be picked-up and quickly and easily carried off-site
- contact lists for both internal and external personnel
- an Event Log to record information, decision and actions in the period immediately following the critical event or incident.

# Response



## Case study – Bill Smith Saddlery

The Department of Primary Industries & Fisheries (DPIF) has now confirmed an outbreak of EI in South East Queensland.

- Several horses have already succumbed to the disease.
- Containment areas have been declared and all movement of horses in SE Qld has been suspended for a minimum of four weeks.
- In addition, a case of EI has also been confirmed in NSW, with authorities also implementing strict movement restrictions in that State.

This crisis could impact Bill's business in a number of ways.

- revenue for at least the next month would likely be down
- he would have a potential build up of stock
- he might also need to use his cash reserves to meet bill payments.

The top 5 things he could do immediately would be:

1. Obtain as much reliable information on the outbreak so informed decisions can be made.
2. Review and invoke his Business Continuity Plan, including his Incident Response and Recovery plans.
3. Assess cash reserves and determine the cash needs of the business.
4. Cancel or reduce orders of stock for the next month.
5. Inform staff of likely effect on business and possible reduction in work hours.

His stakeholders who would require management during the crisis period would be the bank, his staff, his suppliers and his landlord.

He should also consider the situation where his current cash reserves do not meet his current bills by:

- collecting all accounts receivable (debtors) as soon as possible
- identifying any assets that could be sold
- identifying any new markets where demand for product exists
- reducing costs where possible and consider reducing staff or staff hours
- making new arrangements with stakeholders for payment such as extended terms of trade, larger discount for early payment or accepting some stock lines on consignment.

## Key points

### Define the real problem and determine strategy accordingly

Examine the situation quickly, confirm the precise details of the incident and decide on the appropriate action.

### Respond quickly and effectively

The first hour is vital. If a critically injured person is treated within one hour, their chances of survival increase significantly. Pretty much the same applies to crisis management. If your crisis response is quick, your chance for business survival increases.

### Understand the changing situation and manage information effectively

Keep on top of the crisis and communicate changes in the situation as quickly as you can. There is often no way to tell how long your particular crisis will last, so regularly assess the momentum of the situation.

### Assume worse case and that the situation will escalate

What is the worst thing that can happen to your business? How will you deal with it? If there is even a slight chance that it could happen, assume that it will and develop strategies to deal with it.

### Cultivate and call on subject matter experts and allies

Depending on your business and the type of crisis, you may need specialists in public relations, legal, management, personnel, or security. For example, if you have the possibility of a chemical spill, ideally a chemist ought to be on the team so you know what risks the chemical does or does not pose to the general public.

# Recovery

## Introduction

Recovery includes actions taken to recover from an incident (this may not always be possible). Recovery can be broadly divided into:

- Resumption (continuity) of business activities
- Restoration (recovery) of resources.

## Recovery Planning

Whilst Incident Response is concerned with events as they unfold during a crisis or emergency, recovery planning is a proactive approach to getting the business back on its feet in the shortest possible time after such an event. It is vital that you take recovery planning seriously. It is not a task that can be left until you can find enough time to deal with it – a serious incident can occur at any time.

As with all of your plans, the more work done during the planning process, the better your business's chance of recovery. Not only does the planning process get everyone thinking about the needs of the business during a critical event, it also puts people in the right mindset for preparing for the unexpected.

## Recovery strategies

Your recovery strategies should demonstrate a clear understanding of your business's recovery objectives and reflect what the business needs to continue.

You should:

- Establish a Recovery Team, assign backups and ensure that all are aware of their roles and functions in the recovery process.
- Establish a disaster recovery location where employees may work off-site, when necessary, and are able to access critical back-up systems, records and supplies. This may be a room or space at another business location or at a hotel or home.
- Determine which assets, including documents, are essential for recovery and therefore require protection. Make sure essential documentation is safely stored off-site or in fireproof cabinets.
- Make sure that you have contact lists of all people who may be affected by the incident, including staff, key customers and suppliers and your insurance company. You may need to let your customers and suppliers know of alternative methods of contacting you or placing orders and what to expect from your business in the event of a lengthy outage.
- Develop relationships with more than one supplier, so that if one is affected by an incident your business can continue as usual.

- Be prepared for the possibility of broken or damaged equipment, machinery and systems. Know who can fix them and have their contact details at hand. Consider renting or borrowing equipment if possible.
- Plan for disruptions to electricity, gas, water, sewerage and telecommunications systems. Are backup systems available? Are there alternatives that can be used?
- Be prepared for cashflow emergencies. Keep enough cash on hand to handle immediate needs and consider setting up internet banking services.

## Your Recovery Plan

Your Recovery Plan should contain information relating to planning for recovery and resumption of critical business activities after a crisis or emergency has occurred. It should include:

- strategies to recover your business activities in the quickest possible time
- resources required to recover your operations
- your previously identified Recovery Time Objectives
- the people who have responsibility for each task/role.

## After the crisis

Once the incident is over, there are a number of steps that you need to take:

- Assess the extent of the damage caused during the crisis. Record:
  - injury to any people, including staff, clients and other members of the public
  - damage to buildings, equipment, company vehicles and stock
  - impacts on your business functions
  - damage to your reputation
- Conduct a critical incident debrief
  - Within 48 hours, preferably within 24 hours, following a critical incident, hold a meeting for debriefing employees. The purpose of the critical incident debriefing is to help employees understand some of the reactions they may have, by encouraging employees to gain support from each other, and by allowing them an opportunity to verbalise their thoughts and feelings.
- Keep staff informed throughout the recovery process. They may be concerned about:
  - colleagues who may be injured
  - what is expected of them
  - whether they should turn up for work the next day
  - whether they will still have a job.
- Look into the possibility of applying for government support programs to assist the recovery of your business after a critical incident.
- Each crisis provides an opportunity for learning to occur and plans to be revised. As part of this process you need to ensure that you record what you have learnt, update your plan accordingly and conduct a critical incident review after every incident. The questions asked should include:
  - What went well and what didn't?
  - What key lessons were learned?
  - What changes do we need to make to our business processes?

# Recovery



## Case study – Bill Smith Saddlery

It is now four weeks after the initial alert of EI. The Department of Primary Industries & Fisheries (DPIF) has moved to the stand-down phase of their response due to no additional reported cases of EI. Most DPIF investigative and operational activities have ceased and most restrictions on horse movements have been lifted.

Bill has assessed his financial position:

- he knows that his current cash reserves will only last three more weeks and therefore he must increase sales or find other sources of cash
- his inventory is still high and expenses have been reduced to a minimum
- he has missed one lease payment.

What practical recovery activities could he be doing?

- Hold sale of old stock to increase cash.
- Set new sales targets to increase cash reserves.
- Manage landlord and set up a repayment agreement.
- Advise staff of position and new sales targets.
- Engage in direct and cheap marketing.
- Identify where the business will sit in the market post the crisis.

What lessons can he learn and how can he incorporate these back into his business?

- Planning is essential as it gives him a framework to keep his business going should another crisis occur. He must continue to set goals and have a continuity plan for his business at all times and not just when a crisis exists.

- He also needs to test and review his plan on a regular basis to ensure that it continues to meet the needs of his business.
- He needs to ensure that he understands his business both financially and non-financially. To do this he must spend more time looking over the accounts and planning his cashflow.
- He must relate the possible changes in the market and his customers to the financial effects on his business so he can proactively run his business.



## Key points

### Continue to communicate with all key stakeholders

Conduct periodic debriefing sessions with recovery teams to monitor progress and determine problem areas. Keep the lines of communication open with clients and suppliers as well. Effective and proactive communication will create and build the perception that the business is under control, that you know and understand what is happening and that the situation will be resolved.

### Ensure staff understand and collectively work towards recovery efforts.

It is vital that everyone on your staff takes the development and maintenance of the recovery plan seriously and demonstrate a clear commitment to establishing and maintaining an effective recovery planning process.

### Identify alternate suppliers, facilities, processes

- The crisis may be affecting your suppliers. Determine how you would source alternative supplies.
- Think what you would do in a crisis if your premises couldn't be used.
- If you use vital pieces of equipment, you may want to cover them with maintenance plans guaranteeing a fast emergency call-out.

### Make sure that you have adequate insurance coverage

You should have coverage for when your supplier/s are affected by a crisis and can not deliver necessary supplies as well as coverage for the loss of income you would incur if customers affected by the crisis stop ordering your product or service. Ensure that you also have appropriate insurance to cover other related issues such as on-site injuries to staff or visitors or for loss of your customers' goods or materials.

### Do not forget the human aspect of crisis recovery

Keep a watchful eye on personnel after a critical incident. Allow employees to discuss any feelings which have come up since the critical incident debriefing and monitor their progress.

# Your Business Continuity Plan

## Your Business Continuity Plan

### Introduction

Your Business Continuity Plan (BCP) should contain all of the information required to ensure that your business is able to resume critical business activities in the event of a crisis.

Depending on your business, you may choose to have separate Risk Management, Business Impact Analysis, Incident Response and Recovery Plans, or for a small business, a single Business Continuity Plan, which incorporates all the above elements, may be sufficient.

### Your Business Continuity Plan

Alongside is a suggested structure for a Business Continuity Plan incorporating all of the above elements. This should be used only as a reference to get you started.

| Part  | Content  | Purpose  |
|---|--|--|
| <b>Distribution list and associated documents</b> | Detail: <ul style="list-style-type: none"><li>• who is to receive a copy of the plan</li><li>• other associated plans</li><li>• checklists</li><li>• policy and procedures.</li></ul>                                | Lists the personnel who are to receive that plan and the documents you may need to refer to. eg. Response Plan, emergency evacuation procedures, Recovery Plan, etc.   |
| <b>Introduction/ executive summary</b>            | Broad description of the plan to be executed, including priorities, opportunities, and assumptions.  | Provides an overall picture of what is to occur in order to maintain business continuity.  |
| <b>Objectives</b>                                 | Clear and concise statement of the objectives of the plan.   | Provides guidance to team members on the objectives of the plan which will allow staff to work to that intent and make decisions in changing situations.   |
| <b>Glossary</b>                                   | Lists terms used in the document.  | Provides an explanation of terms, definitions and acronyms that are used throughout your BCP.  |
| <b>Risk management</b>                            | Details: <ul style="list-style-type: none"><li>• identified risks</li><li>• their likelihood</li><li>• their consequences.</li></ul>   | May be a separate plan or part of your BCP. Allows you to plan to minimise risks by putting mitigation strategies in place.  |
| <b>Business impact analysis</b>                   | Details: <ul style="list-style-type: none"><li>• comprehensive list of business activities</li><li>• their affect on operations</li><li>• resource requirements</li><li>• critical activity priority list.</li></ul> | Identifies the effect of different external and internal impacts upon the various parts of your business in times of crisis. Identifies the time that your business can survive without critical activities. |
| <b>Incident response plan</b>                     | Documents the tasks that will be required to manage the initial phase of an incident and the individual responsible for each task.   | May be a separate plan or part of your BCP. Provides all the information the organisation needs to ensure that it can manage the immediate incident.   |
| <b>Plan activation</b>                            | Clear statement of circumstances when plan should be invoked and the list of personnel authorised to invoke the plan.  | Sets out the process for mobilising and standing down the relevant teams.  |

| Part                           | Content   | Purpose   |
|--------------------------------|---|---|
| <b>BCP teams</b>               | List: <ul style="list-style-type: none"> <li>• all personnel with a role</li> <li>• explanation of roles</li> <li>• list of backup personnel for each role.</li> </ul>  | Identifies and lists the members of your planning, response and recovery teams and their roles as well as a suitable backup should the primary be unavailable.  |
| <b>Communications</b>          | List: <ul style="list-style-type: none"> <li>• key stakeholders, priorities, categories and communication modes</li> <li>• reporting arrangements</li> <li>• control and coordination arrangements</li> <li>• key timings.</li> </ul> | Guides all internal and external communications in regards to the incident response to ensure that communications match incident needs.   |
| <b>Contact lists</b>           | Detail: <ul style="list-style-type: none"> <li>• internal contact lists</li> <li>• emergency services contact lists</li> <li>• external contact lists.</li> </ul>   | Provides easy access to all contact numbers, including team members, emergency personnel, staff, suppliers and key customers that could be required in a crisis.  |
| <b>Recovery plan</b>           | Detail: <ul style="list-style-type: none"> <li>• recovery steps</li> <li>• RTO's</li> <li>• dependencies</li> <li>• restoration steps.</li> </ul>   | Provides the overall strategy to maintain or recover critical business operations, recover property losses, and resume normal operations. Should include the time up to which serious business impact or loss will occur.   |
| <b>Testing and maintenance</b> | Detail: <ul style="list-style-type: none"> <li>• schedule of testing to be performed</li> <li>• review/update timetables and deadlines</li> <li>• BCP revision history.</li> </ul>  | Outlines the specific training requirements necessary for carrying out the response and recovery activities as well as a schedule defining the frequency and types of drills and exercises to be conducted. Also defines when and how the program will be reviewed and evaluated. |

# Your Business Continuity Plan

## Rehearse, maintain and review

A deceptive and dangerous assumption is the idea that once a plan is written it is complete. Plans require constant reappraisal and revision as flaws and omissions in the plan will always be revealed during exercises. At the same time, changes in organisational structure necessitate regular revision and updating of the plan and, of course, more training.

## Test your plan

Your plans cannot be considered reliable until they have been tested and proved to be workable. Testing involves:

- validating plans
- rehearsing key staff
- testing your systems.

The frequency of testing will depend on your business, but should take into account changes in your business and outcomes of any previous testing (in particular if weaknesses were identified and changes made to the plan). As a minimum, test plans annually.

Not all aspects of your plan can be tested, but some elements can. For example, you will be able to test evacuation procedures in the event of fire. Another way to test the plan is to have planning meetings to bring staff together to inform them of the plan and their individual responsibilities. You should also examine the plan as a group to identify problems and solutions.

This type of exercise is particularly useful for training purposes and provides an important tool for embedding Business Continuity Management in your organisation's culture. It is also effective as an initial validation of a new plan.

Scenario testing is another useful way of validating plans and rehearsing key staff. A scenario works by simulating a live event and allowing staff to make decisions as the scenario unfolds in very much the same way they would in the event of a real incident. When writing scenarios, think about the risks to your business that you identified in your Risk Management Plan.

## Why bother?

Why bother reviewing and testing your plan? There are a number of very good reasons, including:

- To strengthen your business. Businesses need to live, grow and change, and plans must live, grow and change with those needs.
- To protect your investment. You've put a lot of your time, effort and money into your business.
- To maximise your return on investment.
- To ensure you have the ability to respond to and recover from whatever adverse situations may occur.
- To enable you to remain in control of your business.

In monitoring and reviewing your plans it pays to keep your eye on the big picture, that is the business environment around you.

- What actions would you take in your business if interest rates rose? Are sales likely to go up or down?
- How would you respond to higher fuel, power, and water costs?

## Continuous Improvement

It cannot be over-emphasised that planning is a long-term commitment, not just something that you do once and forget about. Whatever its size, every business needs to develop plans to deal with crises. In today's environment long term planning no longer exists and is fast being replaced by re-planning; making strategic plans never-ending and always evolving.

You can maximise your chances of success by adopting a continuous and regular planning cycle that keeps your plans up-to-date. This should include regular planning meetings which involve key people from the business to monitor and review progress and to identify ways in which planning and operations could be improved.

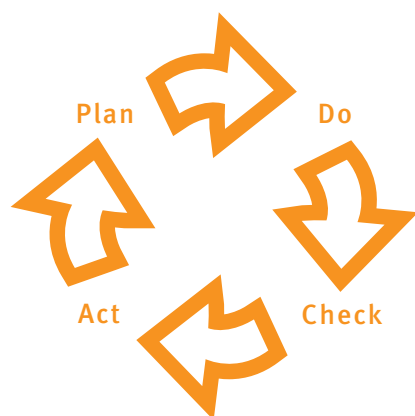
### Key questions that should be asked include:

- Do you have a Business Continuity Plan that is up-to-date and complete?
- Do your employees know and support your plan?
- Have you practiced and tested the plan to expose any weaknesses, overlooked aspects or problems?

Continuous improvement is about making constant enhancements towards excellence. Looking for ways to make things better, do things a little easier, a little faster, a little bit cheaper, tweaking it or polishing it.

### Learning from the past

Businesses who are serious about continuous improvement review their plans to see what they can learn from them. They use the past to improve the future. Reflecting on what they've done and how they've done it helps to manage the next incident better. You can follow any one of the numerous continuous improvement models that are readily available. One of the more popular models is:



No matter which system model you select, you must ensure it is implemented to guide the continuous improvement process when reviewing and testing your plans.

### Key Points

#### Make sure you undertake the planning process

A carefully thought-out plan will make coping in a crisis easier and enable you to minimise disruption to your business and its customers.

It will also prove to customers, suppliers and investors that your business is robust enough to cope with anything that might be thrown at you – possibly giving you the edge over your competitors.

#### Commence planning early

Give staff the opportunity to familiarise themselves with all of your plans to provide confidence that the teams, technology, and procedures are capable of working when they need to.

### Ensure your staff understand and collectively work towards the plan

If employees don't understand the plan, it will fail. They need to know how to initiate action, how to work to the plan, what to do in case any element of the plan doesn't work, and where to go for additional information.

### Understand legal and compliance requirements

- Make sure that you understand and comply with all regulatory and ethical requirements.
- Adopt a continuous improvement process
- You will no doubt put a lot of time and effort into developing your Business Continuity Plan. Protect your investment by regularly reviewing and updating your plan to reflect the changing environment.

### Business Continuity Plan template

The Department has developed a Business Continuity Plan template which you can download from our website at [www.business.qld.gov.au](http://www.business.qld.gov.au)

Business operators should use it as a guide only to developing a Business Continuity Plan.

Customise it to suit your business needs.

With a statewide network of Department of Employment,  
Economic Development and Innovation centres, use the  
contacts below to find one near you.

**1300 363 711** (Interstate callers • 07 3001 6359)  
**[www.business.qld.gov.au](http://www.business.qld.gov.au)**