

Business Continuity Planning Guide

For Small Businesses

Prepared by the City of Vaughan
Emergency Planning Department



Business Continuity Planning

Business Continuity Planning (BCP) is a planning process that guarantees critical services or products are delivered during a disruption or disaster. Critical services or products are those that must be delivered to: ensure survival of your business, avoid causing injury, and meet legal or other obligations of an organization. BCP is important because every business, big or small, is at risk of potential disasters. This guide will take you step by step through the process of determining the potential disasters your business may face as well as the potential effect they could have on your organization.

Throughout this guide, you will learn:

1. How to complete a Hazard Identification and Risk Assessment of your business.
2. How to create a Business Impact Analysis.
3. Tips on how to prevent and prepare for future business disruptions.



Hazard Identification and Risk Assessment

Hazard Identification and Risk Assessment is the process of identifying the potential hazards your business may face and determining the risk associated with each one individually. This is important as it will help business owners identify the biggest threats to their organization.

Hazard Identification

In order to assess risk for your business, you must first complete a Hazard Identification. The Hazard Identification process is done by creating a list of all hazards or threats that could potentially effect your business. This list could include but is not limited to:

- Power Outage
- Multi Day Power Outage
- Earthquake
- Flooding
- Ice Storm
- Tornado
- Heavy Snowfall/Blizzard
- Epidemic/Pandemic
- Internal Fire
- Industrial Installation (Hazardous Material Incident or Fire)
- Water Supply Failure
- Natural Gas Leak
- Transport Route Closure
- Train Derailment
- Bomb Threat
- Cyber Attack (Computer Hacking/ Data Loss)
- Computer Equipment Failure
- Operation Equipment Failure
- Human Error (Operation)
- Water Leak/Plumbing Failure
- Hostage Situation/Act of Violence
- Strike/Protest
- Breaking and Entering/Robbery

Risk Assessment

Once you have completed the Hazard Identification process, you must then determine each hazards associated risk. To determine risk you must compare a specific hazard's likelihood with the consequences if it were to occur. Remember:

$$Risk = Likelihood \times Consequences$$

Likelihood

Likelihood is the probability or chance of a specific hazard occurring each year. Each likelihood has a number value associate with it to quantify risk. This is determined by the following:

Likelihood	Frequency of Occurrence
Certain (3)	It is guaranteed that this hazard will occur at least once a year.
Possible (2)	There is a possible chance that this hazard will occur at least once a year, but it is not guaranteed.
Unlikely (1)	It is not likely or rare that this hazard will occur at least once in a year.

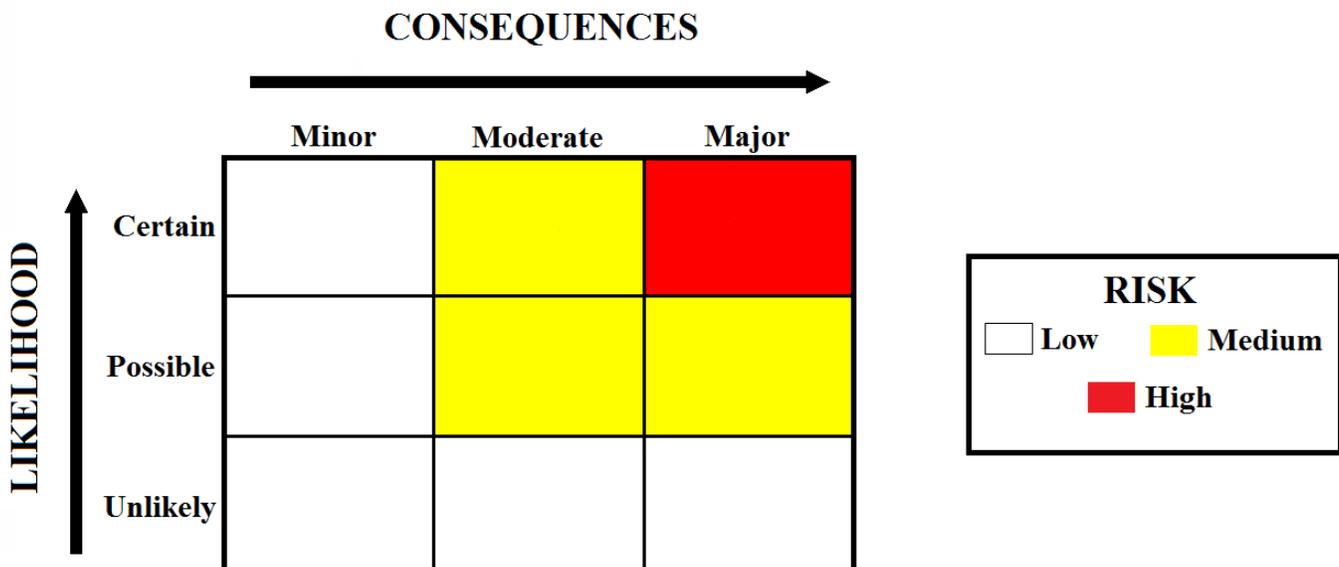
Consequences

Consequences are the severity of the negative effects a specific hazard may have on your business if it were to occur. Consequences can either be minor, moderate or major. The consequence of a hazard is determined based on the highest degree of negative impacts that is given. For example, if a hazard has at least one Major negative impact, then this hazard's consequences are Major. Each consequence has a number value associate with it to quantify risk. Use the following table to determine each hazards consequences:

Consequence	Negative Impacts
Major (3)	One or more of the following: <ul style="list-style-type: none"> <input type="checkbox"/> Significant property damage <input type="checkbox"/> Theft over \$1000 <input type="checkbox"/> Injury to staff (hospitalization or worse) <input type="checkbox"/> Long term power outage (greater than 48 hours) <input type="checkbox"/> Communication systems down (greater than 48 hours) <input type="checkbox"/> Significant negative impact on reputation <input type="checkbox"/> Significant economic loss <input type="checkbox"/> Business disruption for greater than 48 hours <input type="checkbox"/> Significant damage to access and egress routes <input type="checkbox"/> Significant environmental implications <input type="checkbox"/> Unable to send/receive goods or services (greater than 48 hours)
Moderate (2)	One or more of the following: <ul style="list-style-type: none"> <input type="checkbox"/> Moderate property damage <input type="checkbox"/> Theft \$500-\$1000 <input type="checkbox"/> Injury to staff (first aid treatment required) <input type="checkbox"/> Short term power outage (9-48 hours) <input type="checkbox"/> Communication systems down (9-48 hours) <input type="checkbox"/> Minor negative Impact on reputation <input type="checkbox"/> Minor economic loss <input type="checkbox"/> Business disruption between 8-48 hours <input type="checkbox"/> Minor damage to access and egress routes <input type="checkbox"/> Minor environmental implications <input type="checkbox"/> Unable to send/receive goods or services (9-48 hours)
Minor (1)	One or more of the following: <ul style="list-style-type: none"> <input type="checkbox"/> Minor property damage <input type="checkbox"/> Theft under \$500 <input type="checkbox"/> Injury to staff (minor injury requiring no medical attention) <input type="checkbox"/> Insignificant power outage (less than 8 hours) <input type="checkbox"/> Communication systems down (less than 8 hours) <input type="checkbox"/> Insignificant impact on reputation <input type="checkbox"/> Insignificant economic loss <input type="checkbox"/> Business disruption for less than 8 hours <input type="checkbox"/> Insignificant damage to access and egress routes <input type="checkbox"/> Insignificant environmental implications. <input type="checkbox"/> Unable to send/receive goods or services (less than 8 hours)

Risk Matrix

Once you have determined the likelihood and consequences for each individual hazard, you can then determine their associated risk. The colour associated with each box on the grid will determine the level of risk for each hazard. The hazards with the highest risk should be your main focus when designing and developing emergency preparedness plans for your business. Use the chart on the next page to organize and document your business' risks.



Hazard Identification and Risk Analysis

Hazard	Likelihood			Consequences			Risk (Low, Medium or High)	Ranking/Priority (The numeric value of risk) Risk =Likelihood x Consequences
	Unlikely (1)	Possible (2)	Certain (3)	Minor (1)	Moderate (2)	Major (3)		
Example Cyber Attack		X				X	Medium	(2 x 3) 6
Power Outage								
Multi-day Power Outage								
Earthquake								
Flooding								
Ice Storm								
Tornado								
Heavy Snowfall/Blizzards								
Epidemic/Pandemic								
Internal Fire								
Industrial Installations (HAZMAT or Fire)								
Water Supply Failure								
Natural Gas Leak								
Transport Route Closure								
Train Derailment								
Bomb Threat								
Computer Equipment Failure								
Operations Equipment Failure								
Human Error (Operation)								
Water Leak/Plumbing Failure								
Hostage Situation/Act of Violence								
Strike/Protest								
Breaking and Entering/Robbery								

Business Impact Analysis

Now that you have completed a Hazard Analysis and Risk Assessment for your business, the next step is to complete a Business Impact Analysis. The purpose of a Business Impact Analysis (BIA) is to identify all of your business' critical services, and determine what the implications would be if these services were lost.

Critical Services

First you must determine the services that are critical to your business. Select the services that pertain to your business:

- | | | |
|---|---|--|
| <input type="checkbox"/> Sales and Marketing
<i>(i.e. Product Sales or Marketing)</i> | <input type="checkbox"/> Customer Service
<i>(i.e. Customer Satisfaction)</i> | <input type="checkbox"/> Operations and Manufacturing
<i>(i.e. Product Assembly)</i> |
| <input type="checkbox"/> Administration
<i>(i.e. Management and Support Staff)</i> | <input type="checkbox"/> Communication
<i>i.e. Public Relations/Information)</i> | <input type="checkbox"/> Supply Chain
<i>(i.e. Raw Materials to Product Delivery)</i> |
| <input type="checkbox"/> Finance and Human Resources
<i>(i.e. Payroll or Accounts Payable)</i> | <input type="checkbox"/> Technology
<i>(i.e. Computers or Phone Systems)</i> | |

Questionnaire

Once you have identified all of your business' critical services, you must then collect specific information about each one to develop a Business Continuity Plan. The required information can be collected by answering the following questionnaire. It is important to answer the following questions for **each** service. Remember to be as detailed as possible and consider the worst scenario possible when answering these questions.

Impacts of the Disruption

How long can you operate without this specific service before it negatively affects your business (hours-days)? This is also known as Recovery Time Objective (RTO).

Sales and Marketing	<input type="text"/>	Communication	<input type="text"/>
Administration	<input type="text"/>	Supply Chain	<input type="text"/>
Finance and Human Resources	<input type="text"/>	Technology	<input type="text"/>
Customer Service	<input type="text"/>	Operations and Manufacturing	<input type="text"/>

Intangible Losses

Would there be any intangible losses if a service could not be provided? I.e. bad reputation, angry employees or loss of customers. If so, what would they be?

Service	Intangible Loss	Description
Example Human Resources Unavailable	Angry employees	Employees will be angry that they will not be receiving pay and could potentially leave the company, creating holes in our administrative staff. The angry employees may also make negative statements about the company, which will negatively affect the company's reputation.

Dependencies

It is important to determine your business' internal and external dependencies as your business' critical services rely on these in order to function.

Internal Dependencies include:

- Employee availability
- Corporate assets (equipment, facilities, computer applications, data, tools, vehicles)
- Support services (finance, human resources, security and information technology support)

External Dependencies include:

- Suppliers
- Any external corporate assets (equipment, facilities, computer applications, data, tools, vehicles)
- External support services (Facility management, utilities, communications transportation, finance institutions, insurance providers, government services, legal services, and health and safety service)

List all of your businesses internal and external dependencies.

Internal Dependencies	External Dependencies

Please state step by step how you would restore each service during a business interruption:

Sales and Marketing

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Administration

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Finance and Human Resources

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Customer Service

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Communication

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Technology

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Operations and Manufacturing

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Supply Chain

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Business Continuity Planning Strategy Example

Based on the information you have collected on your business, complete a Business Continuity Planning (BCP) strategy for each critical service. Below is an example of what your BCP strategy should look like.

Which critical business service has been affected?	What is the priority of this interruption?
Human Resources	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="width: 30px; height: 30px; background-color: white; border: 1px solid black;"></div> <div style="width: 30px; height: 30px; background-color: yellow; border: 1px solid black;"></div> <div style="width: 30px; height: 30px; background-color: red; border: 1px solid black; display: flex; align-items: center; justify-content: center;"> ◆ </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> Low Medium High </div>
<p>What is the issue?</p> <p>Human Resources department is currently lost; payroll will be unavailable for the next pay period or even over several payroll periods.</p>	
<p>How does this impact your business? (i.e. Revenue Loss, Fines/Penalties, Intangible Losses. etc.)</p> <ul style="list-style-type: none"> • Disgruntled employees. • Significant revenue loss. • Key employees might leave the company leaving gaps in our ability to perform business functions. • This in turn would affect our ability to earn sufficient revenue to keep the company running during a disaster. 	
<p>What will you do to restore this service?</p> <ol style="list-style-type: none"> 1. Our current system will provide the bank with a payroll tape on a weekly basis. 2. In the event of a prolong interruption to the in house computerized payroll system, we will get the bank to issue cheques based on the last payroll tape received. 3. Overtime and expenses will be tracked manually and a manual cheque written to each applicable employee. 4. When the in house computerized system is running again, all manual transactions will be entered into the system in order to bring the payroll up to date. 	



Business Continuity Planning Strategy

Which critical business service has been affected? (Refer to pg. 5)	What is the priority of this interruption? (Refer to pg. 3)
What is the issue?	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; margin-bottom: 5px;"></div> <div style="text-align: center;">Low</div> </div> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; background-color: yellow; margin-bottom: 5px;"></div> <div style="text-align: center;">Medium</div> </div> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; background-color: red; margin-bottom: 5px;"></div> <div style="text-align: center;">High</div> </div>
How does this impact your business? (i.e. Revenue Loss, Fines/Penalties, Intangible Losses, etc.) (Refer to pg. 6-8)	
What will you do to restore this service? (Refer to pg. 9-10)	

Approved by: _____ Date: _____

Business Impact Analysis

Use the table provided to document your business' BIA.

Critical Service	Recovery Time Objective (RTO)	Negative Impacts	Priority
EXAMPLE Communication	1 hour	Failure to communicate with clients could result in loss of customers and negative publicity. Potential Revenue Loss of \$100,000	High

Tips on How to Protect Your Business

Business Insurance

The full cost of recovery from a disaster can be very expensive, and many small businesses are not able to afford this. Business Insurance ensures that the damages that result from a disaster will be either fully or partially financed. It is important to ensure that all potential threats to your business are covered by business insurance placing emphasis on the hazards with the highest risks.

Training and Exercises

It is important to train all staff on your business' BCP procedures. Training staff will help BCP procedures run smoothly in the event of a disaster or disruption. Training will help staff members understand their roles and responsibilities as well as the proper procedures that are to be followed while the BCP is in effect. A very useful form of staff training is to develop exercises. Exercises are designed to simulate and practices the response to a real incident. Exercises will help identify areas that your staff may need to improve on as well as their strengths when responding to a business disruption.

Emergency Kit

In an emergency, you may be left without power or water for long periods of time. It is important to have an emergency kit filled with basic supplies (i.e. water, flashlight, non-perishable food. etc.) that will allow you to be self-sufficient for up to 72 hours.

Backup Key Documents

In some emergencies, computer systems may be damaged and data stored on these systems may be lost. It is important to back up or save important data or documents on an external or alternate drive.

How to prevent Cyber Crime

Tips on how to prevent cybercrime include: password lock, securing your computer (firewall, anti-virus. etc.), always update software, and do not trust unfamiliar sources.

Password Lock

It is important to protect access to all important electronic data with passwords. This will allow only those who have authorization to access the data.

Tune In

During an emergency, be sure to tune into emergency public alerting to receive updates on the status of the response and potential recovery times. Some examples of public alerting methods include: radio, television, newspaper, social media, loud speaker, door to door, email, city website and automated calling.

York Regional Police

Visit the York Regional Police website for information on crime prevention. Website link: www.yrp.ca



PrepE's 72-Hour Preparedness Pack

- Flashlight, crank or battery powered
- Battery powered radio or crank radio
- Spare batteries
- Canned /non-perishable food and bottled water
- First Aid kit
- Candles, matches, lighter
- Manual can opener
- Important documents, insurance, identification
- Extra car keys and cash
- Clothing and footwear
- Blankets or sleeping bag
- Personal grooming items and toilet paper
- Backpack, duffel bag or plastic tote to store kit
- Whistle
- Games, toys, puzzles

For more information, email: PrepE@vaughan.ca
or call 905-832-2281

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