

The Next Generation of SMB Emergency Response and Business Continuity Planning

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Introduction

The safety professional working for a small to midsize business (SMB) is often tasked with developing emergency response and business continuity plans for the protection of staff and facilities. These plans predict likely hazardous events and describe the steps that the SMB can take to protect itself and its employees from the immediate threat.

In order to be most effective, the next generation of emergency response and business continuity plans should go beyond simple evacuation plans. These plans should be specific, tailored to the SMB's operations and encompass all facets of the business. Safety professionals charged with this duty need to be aware of the true responsibility they are taking on. They need to think long term—not just about protecting operations in the here and now. Today's emergency response and business continuity plans should include procedures necessary to recover critical functions to help get the business back up and running if a loss should occur in the future.

Financial Impact/ROI

Whether the business is small or large, an emergency response to a disaster and the subsequent impact on business continuity can be a daunting task. The extent of the impact will vary, depending on the characteristics of the disaster, time of year, specific areas of the company impacted, and duration, among other things. Generally, SMB companies will experience a greater proportional impact on their bottom line than larger companies. Therefore, an SMB's failure to prepare for an event is the business equivalent of playing Texas hold 'em poker— an "all-in decision," with the future of the SMB riding on the outcome.

Studies have shown that those SMBs that do not have a plan or have an inadequate plan reduce their viability in the market. When market share is lost due to a catastrophic event, it can profoundly impact an SMB's ability to stay in business. Some SMBs may initially recover from the disaster, but they will inevitably fail in the next one to two years due to their inability to regain market share.

The days of a simple evacuation plan are over, and safety professionals have to consider the overall impact of a disaster on the long-term health of the company. In a crisis, you do what you have to do, but it's better to do what you planned to do. Put another way, "planning is vital, but plans are the source of actions" (Kelly 1989). This is especially true if you want the company to survive the impact of a catastrophic event.

In the past, executives have seen the development of emergency response and business continuity plans as a "document production factory producing reams of paper in three-ring binders" (Mah 2012) that fill bookshelves and devour budgets with no return on investment. This view is changing. More and more SMB executives are asking these questions:

- Do these plans make us money?
- Do they save us money?
- Do they benefit our customers?
- Is this only to satisfy a regulatory requirement?

The answers to these questions must show how such plans will positively impact the bottom line of the company. Developing strategies and activities that can help satisfy these questions is a critical component in making these plans successful.

How this is done will vary from business to business and industry to industry. One suggested method asks the safety professional to become involved in day-to-day decision making in the organization rather than standing on the sidelines until disaster hits. The volume of data available to the SMB safety professional about the organization should help support the decision-making process. Business continuity should become integral to defining and shaping business decisions to ensure that, even in an adverse event, the company can survive. This is very similar to the proactive approach that safety professionals take concerning the well-being of employees.

Every business has objectives and plans, whether it is to achieve a profitable year, increased market share, name recognition, return on investment (ROI) or other goals. The emergency response and business continuity plans of the future should contemplate how to meet these objectives. It is no longer acceptable just to return the business to where it had been prior to the event. These plans must enable the business to grow and meet these objectives even during adverse events. This means that these plans must be regularly updated and refined to reflect changing business conditions and activities. In the past, emergency response and business continuity plans often sat, outdated and no longer able to meet the new challenges of a changing business climate. Studies have shown that large corporations see a correlation between their ability to recover from a catastrophe and the value of their stock price. In man-made disasters, there can be as much as a 25-percent variation in stock price (Knight and Pretty 2001). A similar correlation undoubtedly exists with SMBs and how they deal with a catastrophe.

Building the Team

Developing an emergency, a response/business continuity plan requires the efforts of a knowledgeable team. This is not a one-person job, due to the complexity of today's SMB. As the safety professional for the organization, you may touch on all areas of the business, but you most likely do not have in-depth knowledge of each area and its interaction with other parts of the

business. Building a team of experts will help ensure that you have the knowledge required to develop a robust and detailed plan that encompasses all areas of the company and reflects the symbiotic nature of various areas.

Before building the emergency response and business continuity (E&BC) team, the safety professional must have the support and backing of senior management. Building this team of supporters is crucial in the overall process. Like the safety program you now oversee, management commitment, direction, and support are essential to ultimate success. This support is also crucial in funding the E&BC plans.

The E&BC team should include individuals who have expertise in the critical functions within the organization. Typical functions to be included are finance, manufacturing, human resources, IT, quality control, communications, legal, and marketing, among others. The exact makeup of the team will vary based on the size and complexity of the operation.

The ideal team should not exceed 10 primary members and may have as few as three (for the smallest companies). You also need alternates to fill in when people go on vacation, leave the company or change roles.

The role of the safety professional is to lead this team and manage the project. In leading the team, you must provide clear direction and purpose, much of which comes from the senior management team of supporters you have built. This direction is expressed in a mission statement, approved by senior management, outlining the expected roles and responsibilities of the E&BC team. You must communicate this information to the E&BC team and motivate them to embrace this commitment in addition to their other responsibilities. Few SMB companies have the luxury of a full-time dedicated staff to develop and maintain their E&BC plans.

Assessing Risk

Safety professionals use several different methods to assess risk and build an E&BC plan. Many SMBs use the “I think” method to determine which risk they would or would not include in the overall plan. While this method may work well for some organizations, it does not truly identify the risk and the potential impact to the organization.

Another method is to develop a matrix, with severity along one axis and impact along another, and then to concentrate only on those incidents demonstrating high impact and severity. You might also use a complex numbering system that scores impact probability and resource availability (Exhibit 1) when developing your plan.

Some SMBs just list past events and develop plans to cope with a potential reoccurrence. However, as business and the world around us have become more complex, this best-guess approach leaves much to be desired. Investors, owners and key stakeholders want more definitive and quantifiable indications of the risk. One can more effectively and accurately assess risk on an individual-site basis and with an emphasis on statistical probability.

Hazard Assessment Matrix									
Hazard	Probability		Human Impact	Property Impact	Business Impact	Internal Resources	External Resources	Total	Hazard Mitigation Actions
	High 5	Low 1	High Impact 5		Low Impact 1	Weak Resources 5	Strong Resources 1		
								0	
								0	
								0	
								0	

Exhibit 1. Hazard Assessment Matrix

We can see the changing landscape of risk assessment in various journals and resources and their focus on terrorist and pandemic events. Most SMBs place an emphasis on preparing for fires, weather events and domestic violence. However, as the world changes, we must also consider new potential threats. The United States government has created a number of documents to aid assessment and quantification of risk for terrorism, pandemics and other “new” risks. One example is the Risk Management Series, offered by the Department of Homeland Security, which includes the *Handbook for Rapid Visual Screening of Buildings to Evaluate Terrorism Risk*.

Sophisticated weather-tracking software now allows us to predict a hurricane’s movement over a five-day period. Currently, the accuracy of this predictive software approaches 95% for two days out. For companies with locations in the storm’s path, these systems can identify the most vulnerable sites so they may marshal limited resources. These systems also provide real-time weather alerts. The systems identify and follow various weather patterns including tornadoes, high winds, ice storms, hail or severe winter weather and provide alerts to help businesses better prepare for these events.

Plan Documentation

Today, most E&BC plans are developed using word-processing software and are ultimately printed out and put in a binder. Some SMBs may also use a “virtual team room” to allow for document sharing and input before creating a final document. This process for creating a plan is cumbersome and may cause confusion during the editing process. In addition, while a plan in a binder may be useful, it is difficult to keep up to date as risks and the business evolve and impossible to access if employees are offsite or an event prevents access to the facility where it is kept.

There is already a movement away from the stand-alone word-processed plan that resides in a three-ring binder. More companies are moving toward developing E&BC plans closely tied into operating systems already in place within the organization. Most of these systems are server-based and offer direct access to data mining of corporate files to allow for resource allocation, asset tracking and staffing information. These systems offer remote access and real-time update of information, based on changing business conditions. Additionally, some of the programs may tie into external information feeds, such as weather alerts and threat assessment software from third-party vendors.

The recent advent of “the cloud” has also changed the way E&BC plans are documented. The cloud is a way of storing information and processing software offsite with a third party so that you can access it by various means. Storing business continuity plans in the cloud makes them accessible by laptop computers, smartphones, tablets, and so on. In addition, access to the business continuity plan and other information is not subject to the events affecting the location that it was designed to protect. However, as with most technology, it does raise additional concerns, such as the security of critical data or the server itself, as well as other Internet vulnerabilities. If power is lost or the Internet is no longer accessible, then cloud-based plans and corporate data are no longer retrievable. Therefore, to be more fully protected, SMBs should maintain backup servers and duplicates of data (Hill 2011).

As with most technology, the use of new software and the cloud for business continuity plans is a rapidly developing area and must be constantly reviewed to ensure that these tools meet the needs of the SMB. There are several resources available to help compare competing software packages. The cost for many of these new integrated plan-development and tracking systems is often more than the technology employed today and is a factor that must be considered for the SMB. While the new technology provides great possibilities, safety professionals need to guard against “fill-in-the-blank” programs that require little or no true input from the organization. Regardless of which program is chosen, the E&BC team must be integrated into the process. Very seldom will software directly out-of-the-box meet the true needs of the organization (2011 Software Surveys, Fall 2011)

Crisis Communications

Today’s business continuity plans rely on a variety of communication methods to disseminate information to a large group of people via telephone, email, text messages, social media, and so on. In addition, there are third-party vendors that specialize in providing notification services to employees, customers, and others if you must disseminate a message regarding a disaster or emergency. The telephone call tree is still one of the most popular ways of getting information out. Unfortunately, this method cannot ensure notification of everyone. Today’s new notification systems allow for tracking and verification of the message.

Even as robust and prolific as telephones and mobile devices have become, they still have some drawbacks, especially when the power is down or too many people try to access the system at the same time. During events such as Hurricane Katrina and 9/11, mobile phone systems were quickly overloaded, leaving people in a communication abyss. Many planners typically use SMS texting as a backup, since it relies on a different communications infrastructure. But even texting systems can be overloaded, as was demonstrated during the East Coast earthquake in 2011.

Without question, future methods of communicating about emergencies will continue to include call trees, email, radio, and other methods to reach large numbers of people. Fortunately, new communication tools, such as social media (Twitter, Facebook, Google+, and so on) will enhance the ability to get the word out. The use of social media requires special understanding by both the planner and recipient as to what information can and cannot be disseminated. Social media is less secure than phone calls or email, so information disseminated through social media should be treated like public announcements. The next generation of business continuity plans should include specific policies regarding who should be disseminating information, how information should be shared, and what type of information can be sent out through the various specific communication methods (Hill 2011).

Training and Testing

“No plan of action has any value until proven. Even then, it is of little value until all of the actors have practiced their performance.” (Burtles 2007)

Testing has always been a component of any E&BC plan; the challenge continues to be conducting meaningful testing and not just including it in the plan. As we move forward into the next generation of business continuity planning, testing will become more of a necessity because of the increasing complexity of the plans and because regulatory requirements, clients, vendors, and stakeholders will mandate testing and certification. Some tests will be mandatory, while others will be recommended, such as the Private Sector Preparation recommendations made by the 9/11 Commission. Clients are also requiring more proof that an E&BC plan will actually work. Satisfying client audits will now require more than just checking a box on a form; testing, test results, and follow-up to improve the E&BC plan will need to be documented.

Once again, as plans become more complex, testing becomes more expensive. More plans will need to be tested using simulations and functional exercises versus orientations and tabletop reviews. By becoming more efficient in what is tested, it may be possible to hold down expenses without giving up results. It is critical to take advantage of what is learned from testing and implement it back into the plan, despite economic pressures. If companies don't follow this cycle of incorporating the lessons learned from testing, then SMBs may find themselves faced with the same issues during actual incidents (Exhibit 2).

Testing must include all of the individuals involved in E&BC activities, as well as the organization's suppliers. Previously, little or no emphasis was given to SMB vendors/suppliers and their ability to meet the organization's needs. As the economy and business practices have changed, vendors/suppliers have become more intertwined with an organization's ability to cope with the disaster.

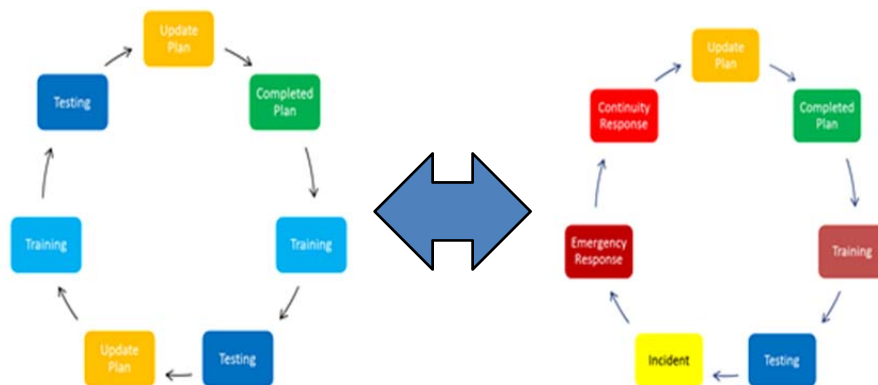


Exhibit 2: Testing and Update Cycle

Responding to an Emergency

Depending on the event, different individuals will be essential to the response. The correct staff will understand the event and take actions to help mitigate the damage and/or loss of life.

Various alarms are present throughout the workplace. These may include fire alarms, water motor gongs, emergency exit buzzers, elevator alarms and car alarms. Does your staff know how to respond to each alarm? Your plan should identify the various alarms and actions needed to investigate the reason for the alarm. You also need to be certain that everyone throughout the building can hear the alarm. For instance, water motor gongs are infamous for only being heard outside, because inside noise from machinery masks the sound of the alarm.

Exit diagrams are needed to direct staff to a safe location either inside the building during a tornado or to the exterior of the building during a fire. These diagrams should include color-coded primary and secondary exit routes, the location of fire extinguishers, areas of refuge within the building, and gathering points outside the building.

Available Resources

Developing an E&BC plan that reflects today's complex business operations and the global business world is a challenging task. But there are resources available to guide safety professionals in the development of these plans. Industry-group Web sites, such as Continuity Insights or the Disaster Recovery Journal, offer tools that assist in risk assessment and business-impact analysis.

The Federal Emergency Management Agency (FEMA) offers specific guidance for protecting large and small businesses. This includes preparation tips for windstorms, wildfires and earthquakes; recommended contents of a disaster supply kit; and flood analysis.

The Institute for Business and Home Safety (IBHS) provides an online risk-assessment tool for E&BC planners. The IBHS also provides plan document templates.

Consensus standards, such as National Fire Protection Association (NFPA) standards 1600 and 1620 and ASIS International/British Standards Institute (BSI) Business Continuity Management Standards, provide a set of criteria for these plans. Copies of NFPA and ASIS standards are available as free downloads.

Training seminars are offered by Disaster Recovery Journal (DRJ) and Disaster Reciver Institute International (DRII) to hone the skills needed to develop these plans.

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