	Are You Ready for the 21st Century? Building Business Continuity Module 3	
1	Running a small business is hard enough without a bunch of folks coming around and telling you to put one more task on a to-do list that's already way too long.	Are You Ready for the 21st Century? Building Business Continuity
	We get that, but we're going to tell you anyway: You need a Business Continuity Plan!	AMERICA'S SBDC Project
	In this era of volatility and uncertainty, business continuity planning is a must-do.	New Jersey
	When you leave here today, you will not only understand the importance of business continuity planning—why it's critical to your future—you will also have clear directions as to how to develop and implement a plan that will be specific to your business.	
	Let's start by reviewing just a few critical points from our first two modules.	
2	In our first module, we talked about the fact that disasters and risk analysis just aren't what they used to be. The new realities of extreme weather, the everquickening rate of technological change, and our vulnerability through interconnectedness, all make the 21 st century a time of uncertainty and unpredictability.	THIS is the 21st Century.
3	After all, who would have thought that pigs in China would bring swine flu to New Jersey or that a public health failure in west Africa could create an Ebola scare in America? What about an Icelandic volcano that brought trans-Atlantic air cargo to a screeching halt for a week? Or a port strike in LA that disrupted an entire season of retail across the country? This is why small businesses need to focus on resilience – the capability to manage the impact of disruptions, irrespective of their cause.	Could THAT Really Happen? (Es) NO

4 In our second module, we showed you that the ability to weather any storm is not just about disaster What will boost your preparedness. It's really about positioning yourself to competitiveness every day? grow and thrive, because the same qualities and The same qualities and processes processes that will make your business resilient to that will make your business disruption will also boost your competitiveness every resilient to distruption. day. Today's topic is about Putting the "How-to" in Business 5 Continuity Planning. 101 If it were as simple as "batten down the hatches," we could probably figure it out pretty easily. Instead, it's a planning process. As President Dwight "No doubt you're asking yourself, what are hatches? And how the heck does one go about battening them down?" Eisenhower famously said: "Plans are Useless. Planning is Everything." Planning helps you to think through: Who are your critical personnel and partners? What are your key assets and business processes? And those insights are just as important for your competitiveness as they are for preparedness. 6 A great example of how continuity planning also The Waiile House Index creates competitive advantages is Waffle House. The restaurants make it a goal to be able to stay open or recover very quickly during a disaster. So much so that a former director of FEMA, coined the term Waffle House Index to measure the severity of a disaster. Green indicates the restaurant is serving a full menu Yellow means there is a limited menu Red signifies the restaurant is closed. FEMA says, that if the Waffle House in a disaster area is closed, the situation is really bad. Not only has Waffle House built a brand image around its ability to stay open when its customers are the most desperate, but they're busy making sales when their competitors are closed.

Interactive Poll So, let's see where you are with respect to business continuity. With a show of hands, how many of you agree with the following statements: We don't have a Business Continuity plan, but our people will know what to do in an emergency. We have insurance to cover any losses. We hardly have time to manage the things that have happened, much less time to worry about the things that might never happen. We have a Business Continuity Plan We have a Business Continuity Plan and we test it regularly. 8 How did this group measure up against all small **Business** businesses? Continuity Plan? If you've done some business continuity planning, 52% 48% congratulations! Nearly half of all small business haven't. For those of you still on the fence, there are a Yep. Um. Got it Nope. couple of things you might want to know: covered. Not yet More than 40% of small businesses never reopen following a disaster. Your business owner's insurance policy may not cover the losses from a disruption (and we'll get into that in the next module). 9 You might think that developing a business continuity TRUE or FALSE plan for a disaster that might never happen is too Business continuity planning is expensive. heavy a lift. But, let's debunk a couple of myths: **False** You need to hire a professional **False** Business continuity planning is expensive. You need a full-time planner on staff **False** to maintain and implement the plan You need to hire a professional consultant. It's mostly just common sense TRUE! False. You need a full-time planner on your staff to maintain and implement the plan. False. There's only one fundamental prerequisite about business continuity planning: You do have to know a lot about your business. From there on out, it's mostly just common sense preparations.

10 There are five foundational aspects of your business THESE FIVE COULD KEEP YOU LIVE that you need to address in order to deal with whatever comes your way. They are: **People** 1. People Data & Communications 2. Data and Communications **Facility** 3. Supply Chain **Supply Chain** 4. Facilities Leadership 5. Leadership. When you get these five right, your chances of surviving any disaster, no matter what triggers it, just skyrockets—and your day-to-day competitiveness increases as well. We're going to explain what these five aspects mean to your business and to your planning process. And before you leave today, you'll receive a "how to" handout with the detailed steps you need to take. So let's get started. 11 **PEOPLE** We're starting with people because the most important asset in any company is its workforce—the people who First. walk through the door every day. Always. The commitment to their wellbeing is as critical to a company's continuity as it is to the company's competitiveness. 12 To address those needs, your plan will need to: The "How To" : PEOPLE 1. Establish a Method of Communications 2. Identify Critical Roles and Critical Skills 3. Make Resilience Everyone's Responsibility So let's take each of these separately and see exactly what you need to DO. 13 1. Establish a Method of Communications How will you get in touch Do you know how to reach your people—all of them? with your people? Do they know how to reach you? Text? In a time of crisis, they need to know that their welfare Twitter? is important to you. Do they need help? Can they help Website? you? Phone? Employees need to be kept up to date. How much damage did the company sustain? Is it going to be

open tomorrow? How about the day after that? Will employees be paid? Long before a crisis hits, you need to identify how you're going to communicate with the workforce and how they will communicate with you. Possible Solutions: Text, Twitter or Website Messaging Emergency call-in number with out-going recording and ability to take messages Special emergency email accounts using free service provided by Yahoo, Gmail or Hotmail Make sure everyone knows the plan and has the number or account written down. The To-Do List 14 Document all employee contact information Make sure you document employee contact and update regularly information—phone and email. · Update the information every half year. • Determine who needs access to that information and where you're going to keep it for safety—both electronically and hard copy in multiple locations. 2. Identify Critical Roles and Critical Skills 15 Keeping the business open is the first priority. So, identify in advance which are the critical functions that Which of your must be up and running on the day after a disaster employees can be on call in an and identify which people will fill those roles. emergency? Not all employees have the ability to be on call during an emergency. But for those who do have the flexibility, cross-train them, and make them your "emergency crew". 16 Employees have many skills and interests, beyond Offer your employees their specific job functions - skills that could be training in relevant to disaster preparedness. disaster preparedness You might: Set up a skills registry: languages, first aid or CPR, accountancy, IT or other skills that your business might need Consider maintaining contact with your retirees as additional on-call resources Offer training to employees to enhance specific skills your business is lacking-skills that could be particularly valuable in crisis situations · Offer training in disaster preparedness to

19	DATA AND COMMUNICATIONS: The "How To" for Your Business Continuity Plan There are four key points to think about with respect to data: 1. Back up your systems so you don't lose your company's data in a disaster. In addition, your insurance claim will depend on documenting your costs, revenues, and operations. 2. Make sure the kinds of data needed for the continuity of your business are close at hand. 3. Protect your data's confidentiality, beyond just being able to recover it. You are a risk to your customers if you don't.	The "How To": DATA & COMMUNICATIONS O PLA
18	DATA AND COMMUNICATIONS For almost every business, your vital business information will be stored digitally. How can you make sure that your data is accessible, secure, and private – every single day? No matter what else is happening.	Your Data. No matter what.
17	3. Make Resilience Everyone's Responsibility Although there may be key individuals in leadership roles during a crisis itself, planning and preparation should be everyone's responsibility. Make sure your people understand your business continuity plan. Engage them in the discussion and solicit their ideas. Remember, your employees are familiar with your company's processes, systems, products, and customers and can add value in brainstorming, refining, and implementing any plan.	Engagement in Planning = Committment in Implementation.
	employees and their families. Many programs are available at the local, state, and federal levels. Check out the SBA and FEMA programs, the Red Cross, and your local fire and police departments.	

20	Back up your systems so you don't lose your company's data. That's one of the most important and most fundamental actions you need to take. But, let's face it, none of us really wants to spend time backing up our data. In fact, according to a recent survey of small and midsize businesses in the U.S. and the U.K., 37% of employees spend more time straightening their desks than backing up their data. And 22% spend more time ordering new business cards.	Want to have some fun? Let's back up some data! What? No?
21	But think about it as a survival issue—because it is. More than 1 in 5 small or medium size businesses have experienced a data loss so severe that 70% of them closed within one year of the data-loss event. And it doesn't really matter what triggers the outage. It could be a flood, a computer virus, or someone spilling soda on your server. Research shows that a company denied access to its business data for longer than 48 hours is very likely to never recover.	If you couldn't access your business data for 48 hours, you'd still be fine, right? Probably not.
22	But with today's technology, that really doesn't need to happen. After all, you KNOW you don't want to become this guy! So grit your teeth and back up your data. Here's how:	NO BACKUP ANGER ANGER
23	First, prioritize your data backup needs: What essential data files do you need to back up? (employee records, financial records, documents, and databases)? Do you need to back up your entire operating system? If you have the installation discs for your operating system and major programs – accounting, word processing, design, project management, you may not need to back those programs up. BUT: Do you know where the discs are? Do you have any access codes or passwords you will	what DATA do YOU need to back up?

	need to reinstall them?	
	If you purchased access to these programs over the Internet (Software as a Service), they're already backed up for you.	
24	How often do you need to back up? For businesses, a daily or weekly backup is a good idea – especially if you are fairly active in creating or updating files and documents.	2016 January February March January March Jan
25	While you're protecting the data on your computers, you also need to think smaller. Much smaller. It used to be that business data stayed at the business. But no longer. What about the data on the smart phone that you have with you right now—your contacts, email addresses, maybe even your employee communications list.	Back It Up.
	Many smart phones have automatic, easy-to-use backup options. Use them. It's also a good way to recover that data if your phone is lost or stolen—and just in case you think that wouldn't happen to you, think again. About 4.5 million phones were lost or stolen in 2013.	
26	Backup Options: There are many, many options when it comes to choosing a backup strategy for your business. Determine the most effective method for your company based on • how much data you have to store • how vital specific types of data are to the continuation of your business, and Mix and match the options shown on the slide—from basic to more complex. Mix it UP.	CDs / DVDs USB Drives Hard Copy Cloud Storage Magnetic Tapes External Hard Drive That depends on your specific needs and tolerances.
27	2. Make sure the kinds of data needed for disaster recovery are close at hand, so you and others can find it quickly when it's needed. What if a pipe bursts on the floor above you and your computer is drenched? What if a train carrying chemicals has derailed and your block is being evacuated? What if there's a power outage in your part of town?	Make sure you'll be able to access the data you'll need.

You need instant access to some of your vital documents – and you might not be able to wait until you can get back into the building:

- Contact Information: Employees, Suppliers, Customers, Insurance Agent
- Documents: Payroll, tax, accounting, production records, insurance policies, lease agreements, vehicle titles, contracts
- Inventory lists
- Legal documents

How will you get the data? You need to think about where to stash this information for easy access. Maybe in the cloud, on your smart phone (which you backed up, right?), or on thumb drives.

Make sure a number of people know where this information is and how to access it.

28 3. Protect your data's confidentiality.

While you're taking a look at protecting your data from disaster, it's also time to look at protecting it from cyber intrusions as well.

With the spate of recent nationally publicized cyber breaches via vendors and third party service providers, chances are your customers will be asking how you manage the *security* as well as the continuity of your data systems. Will working with you put their data at risk?



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According to a National Small Business Cybersecurity Study, most small businesses don't do enough to protect themselves online.

- Nearly one-fifth of small businesses don't have or use antivirus software.
- Sixty percent don't use any encryption on their wireless networks.
- And two-thirds don't have any security plan in place.

A good place to start is the SBA which has a 30 minute on-line training program on the risks and best practices in cybersecurity. We'll get you that link before you leave here today.

https://www.sba.gov/tools/sba-learning-center/training/cybersecurity-small-businesses



30

Although we all heard about the big criminal cyberattacks of 2014—Target, Neiman Marcus, Home Depot, etc., the single most common cause of cybersecurity problems is human error—opening email bombs from unknown senders, using default usernames and passwords, and poor patch management.

All the advanced technology in the world won't stop hackers if lax practices on the part of employees let them wander in. Your staff needs to be trained for this new era of cyber risk.



31

4. Make sure your employees can access the data they need remotely to continue serving your customers.

What if your systems are all backed up and secure, but the ice storm hits and none of your people can get to work? That's why you also need to make sure you and your people can access programs and data remotely.

Remember the disaster communications systems you have already established and activated? That channel can be used to let your employees know about the remote login as well.

Or consider Nexight, a small firm in Maryland, which found itself dealing with a series of disasters from phone outages to flooding and ice storms — even a critical hostage situation next door that closed its offices. Its founder and CEO, Jack Eisenhauer decided it was time for a business continuity plan that enabled employees to work remotely. All employees were provided with laptops that connected securely to the company's server — and instant messaging and video conferencing created the infrastructure to stay connected and support collaboration. Jack Eisenhauer says that careful planning and anticipation of obstacles not only allows them to complete their projects on time, but works well even if a team member is hit with a last minute bug.



32	SUPPLY CHAIN Like everything else we've been talking about, supply chain risk management is not just about disasters. A disruption could be the result of a superstorm – or it could happen because a power outage takes one of your suppliers offline. Or one of your key suppliers could be having financial difficulties or perhaps your supplies might be stuck in port congestion. The reality is that, no matter what the trigger, broken links in the supply chain can hurt your business. It's important to remember, too, that supply chains run in two directions. • Upstream: Businesses you depend on to design, produce, and/or supply the products or services you need • Downstream: Your customers and clients, the individuals or businesses that purchase your products or services.	What could break this chain? The list is almost endless.
33	Your business continuity plan needs to address both suppliers and customers. SUPPLY CHAIN – The "How To" for your Business Continuity Plan 1. Identify your biggest supply chain risks 2. Build relationships up and down your supply chain.	The "How To": SUPPLY CHAIN
34	 Identify your biggest supply chain risks Identify the products or services that your business couldn't function without – and think about how long you could stay open if the supply of those critical items were unexpectedly interrupted. From whom do you purchase those critical items? Is there only one source for the item? Could there be a potential chokepoint in your supply chain? 	Identify your greatest supply chain RISK

agrees to indemnify and hold by reason of the liability or potential 35 Solutions: 1. Identify back-up suppliers before a crisis hits. ADD: supply chain business continuity Get an agreement in place with a backup supplier , the work described within a reason and understandings with respect the - at an agreed-upon price. That supplier will have is the contractor against loss or the you over a barrel on price when you're desperate. Make sure your backup suppliers are not so close tity of the contractor for that they would be affected by the same disruption that is affecting your business. 2. Include business continuity language in your supply contracts, requiring your suppliers to provide or develop a plan that demonstrates business continuity management capability. 3. Make sure you have a communications systems in place with critical suppliers and customers. You can notify them that you've had a change in status or vice versa. On the upside, that system also works if demand is higher than expected and you need more of whatever they're supplying. 36 Remember, you can't just look up the supply chain. Your supply chain runs in 2 directions, and ALL the Your Suppliers You also have to look down the chain when identifying your risks. links need to be strong. Your Business Ask yourself: How dependent am I on a single customer? Does my customer have a business continuity plan to keep his / her company running in the Your Customers event of disruption? What am I doing to diversify my customer base - and my risks? 37 Your business continuity plan should explore whether, and to what extent, supplier and customer risks could become your risks. Ask your most important suppliers: Have they experienced a disruption in the last five years? Could your supplier What happened – and how have they changed their or customer risks become your risks? processes as a result? What are the biggest risks they face that could affect their ability to supply you? Do they have a business continuity plan, and has it been tested?

38 For your most important business customers, you'll Too dependent on want to ask the same questions: Do they have plans in one customer? Try the SBA place that will allow them to continue operating during Supplier Connection times of disruption, and do they test those plans? If you're overly dependent on a single customer, think about mitigating that risk. The SBA has created Supplier Connection to help small businesses build their customer base. It's kind of "match dot com" for small businesses and big company customers. Again, we'll give you that link before you leave today. Log onto: https://www.supplierconnection.net/SupplierConnection/index.html 39 2. Build Relationships Up And Down Your Supply **Chain Network** Develop closer relationships with your suppliers and your customers before a crisis hits. When everyone is facing the chaos of disruption, that personal **Nurture** your relationship might be the only reason your phone call is supply answered or your email returned. relationships You might consider: Face-to-face meetings with your most crucial suppliers and customers Invitations to your supply chain partners to your holiday parties. • If it's appropriate, consider an annual supplier meeting so they can better understand what you do and what your expectations of them are. These relationships will help you every day, not just in emergencies. Giving your suppliers insight into your operation will help them better meet your needs. And giving your customers confidence in your ability to meet their needs will help you retain their business. 40 **FACILITY** If your building were unexpectedly closed, would your people kno what to do? If you were evacuated from your building and would not be allowed back in for at least the next two weeks, do you know what to do next? CAUTION

Does your staff?

FACILITY - The "How To" for Your Business 41 The "How To": FACILITY Continuity Plan 1. Create a shelter-in-place capacity 2. Identify evacuation routes 3. Identify alternate facilities and what equipment you would need there. 42 1. Create a shelter-in-place capacity. Make sure to budget The vast majority of workplace emergencies require for and purchase any safety equipment you might need. either evacuation or shelter-in-place procedures. When considering sheltering in place, think about: your facility's physical capacity to resist damage your proximity to flood plains, earthquake faults, dams, and hazardous materials, including chemical plants or nuclear power plants. Make sure you have made provisions for employees with special needs and document these processes. As part of your planning process, make sure to budget for and purchase any safety equipment, first-aid kits, Automatic External Defibrillators (AEDs), fire extinguishers, smoke detectors and shelter-in-place supplies that might be needed—including food and fresh water. Make sure all employees know how to access these supplies. 2. Identify evacuation routes. 43 **Identify Evacuation Routes** Consider the fact that you might have to evacuate your facility / office space in the event of an emergency. Determine whether any evacuation routes exist that are free of hazards and identify those on the message you leave for employees. Identify an assembly point outside your facility and make sure all employees are aware of it. Use your emergency communications system to let your employees know at the time whether or not you'll be meeting there, depending upon circumstances.

44 3. Identify alternate facilities and what equipment you would need if you're meeting your employees at a pre-arranged site. Create a plan for conducting business if your normal You might facility, or even a part of it, is not accessible need to Identify internal facilities—for example training repurpose rooms rooms, cafeterias, conference rooms-that could be for your repurposed to support critical business functions business during an emergency. Identify external facilities—for example, discuss reciprocal arrangements with other nearby businesses and document the agreements. 45 Leadership Ultimately, the most important element of your business continuity plan is executive support and commitment. In most cases, the things you need to do to help your business survive a disruption will also help your **LEADERSHIP** is THE most business thrive day to day. important element of your business continuity plan. Leadership – The "How To" for Your Business 46 The "How To": LEADERSHIP **Continuity Plan** 1. Share the Vision and Values 2. Create a Circle of Trust 3. Inspire Leadership at all Levels 4. Establish a Framework of Priorities 47 1. Share the vision and values. Be the leader Most businesses were started because the founder people want to follow. had a vision about what could be accomplished. Sharing that vision with your employees excites and Share the vision and values of the business with your employees. motivates people to follow - in good times and in bad. People need that sense of connection to the missions and values of the business.

48 2 Create a Circle of Trust

Great leaders make their employees feel secure, They draw them into what management expert Simon Sinek calls a "Circle of Trust." When workers feel safe inside an organization, their natural reaction is to trust and cooperate, to face adversity with a sense of "we're in this together."

Linda Tool CEO, Mike DeMarino, explained that this is how his business to managed to survive the economic disaster that began in 2007:

In testimony to Congress, he explained: "Manufacturing equipment is expensive, but the people who operate it are priceless. Although times were lean and I couldn't give raises, I did everything I could to keep my team together without laying off a single person. We are able to achieve the things we set out to achieve because of the people who work for us and with us."

"We're in this TOGETHER."

49 3. Inspire leaders at all levels

As Ronald Reagan said, "The greatest leader is not necessarily the one who does the greatest things. He is the one that gets people to do the greatest things."

Leaders need to empower their employees to step up. They create a culture of listening. Employees want to know that their input matters. When leaders actively listen, they prompt dialogue and debate, and that can be a great source of innovation and growth.

Leaders delegate decision-making authority. This helps your business become more agile, quicker to take action, and more resilient to disruption.

The greatest leader is not necessarily the one who does the greatest things.

He is the one who gets the people to do the greatest things.

President Ronald Reagan

4. Establish Clear Priorities.

Without proper planning, we all know that when a crisis hits, chaos can be the first response. A lack of information and lack of communication and coordination can have people running at cross purposes in a hundred different directions.

That's why DuPont's Head of Operations recommended that every business, whether large or small, should set goals and priorities in advance. For DuPont, the stated first priority in any disaster is to assure the safety and welfare of its employees. Every other goal – restoring plant operations, restarting customer service – depends on its people.

PRIORITIES

Set clear and consistent priorities that guide your decisions and reflect your values.

3.

51 **NEXT STEPS**

So now you're on your way to a Business Continuity Plan. Congratulations to you and your team. You will have a much better understanding of the totality of your business, and your business will be in better shape than it was before you started the planning process.

And . . . you are ready for any disruption that comes your way—at least in theory.

But the only way to know for sure if the plan will work under extreme pressure is to test it regularly under various "what-if" scenarios.

Those table-top drills, which can require as little as an hour over lunch, familiarize the employees with the kinds of challenges they might face in a disaster.

That ensures that the plan is a living document that will help your business for years to come – and not a sheaf of papers sitting on a shelf.

And then – if adversity comes your way, you'll be ready!

Test your
Business
Continuity
Plan
during
working
lunches.
Ensure that
your plan is a
living document.