

## S U N D A Y

# Why do you need a business recovery plan?

The first stage in developing a recovery plan is to understand why you need one. This chapter looks at understanding:

- What a business recovery plan is
- What a disaster is
- The main components of your business and the impact of disaster upon them
- Where your business may be most vulnerable
- What plans you have made so far

## What is a business recovery plan?

The business recovery plan itself is usually a set of documents that maps out all of the activities that need to take place in the event of a disaster. The plan guides the reader on where to obtain appropriate information or help. All the key people within the business need to be aware of the plan, be familiar with its content and know how to access it. There should be several copies of it. At least one copy needs to be stored away from the business.

The plan should be kept up to date! It is a living document and only as good as the information held in it. A plan that is 3 years out of date may not be of much help.

A business recovery plan does not protect you from competition or market forces, but in preparing it you may become aware of how your business could benefit from a competitor's disaster or vice versa.

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Do not be afraid to discuss your plan with other organisations and managers. You may be surprised to discover how many have done nothing in this area. Discussion and exploration of ideas can only help you. You do not have to go into detail or discuss commercially sensitive information in order to have a lively debate about what could happen and what you should do.

### **What is a disaster?**

The dictionary definition of a disaster is, 'an occurrence that causes great distress or destruction: a thing, project, etc. that fails or has been ruined'.

We all imagine disaster to involve fire, flood, plane crash or earthquake. Over the last 15 years I have seen or felt all of these, luckily with no ill-effects, but each could have been

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catastrophic.

For your business, a disaster is any event that causes a loss of income that prevents you from trading. Such a broad definition covers many different things. A business recovery plan seeks to identify all such events and to suggest a countermeasure that can be used, either as part of your day-to-day activity, or as a resource or activity to be accessed if the relevant event occurs.

### The components of your business

Your business has a *product*. This may be a service that you provide, based on skills you have. It may be something that you make – widgets, designer clothes or home-made sweets. Whatever your product is, if you stop producing it you stop making money. The aim of your business recovery plan is to maintain delivery of your product.

Your business has *customers* – people who buy your product. Your customers may stop buying your product for many reasons, but if they stop buying it because it is no longer available, you have reduced your future income. Retrieving those lost customers will take time. Your plan should help you to communicate with those customers and retain their loyalty.

Your business relies on *services from others* – raw materials, electricity, accountants, bankers. Their disasters are your disasters and you need to make sure that your plan takes this into account.

Your business has *staff* even if it is only you and a friend. 'There's nowt so queer as folk.' How often have you

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discovered something about someone that you would never have thought possible? Trust in people is essential, but contracts and legal agreements will afford you some protection if you find that your trust is misplaced or if someone else tries to take advantage.

Your *place of business* is located somewhere – in your home, on the business park, in town or in a shop on the high street. Your plan will investigate alternatives if you lose your premises.

Your business has *competitors*. How would it affect them if your business was ruined? Could you use this knowledge to salvage something from the wreckage? If your competitor has a disaster, can you gain an advantage? He or she may do the same to you.

Your business may be *unique* or have some unique characteristic. Recognise what that quality is and make plans to conserve it.

For all of the components mentioned, there are many events that would be a disaster for your business. Consider the following in respect of your business:

- Bad publicity – it does not have to be accurate to damage you and lose you customers
- Your main supplier goes bankrupt
- You lose a key member of staff
- A former employee has a grudge
- Your neighbour's premises are declared hazardous (they produce chemicals)

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If any of these things could happen to you, along with the more obvious disasters of accident, fire or flood and you have not yet considered how to respond to them, then you should start to prepare a business recovery plan. The thinking process alone may make a difference to how you will react.

An essential component of any business recovery plan is recognising when to put that plan into operation. In later chapters, handling the kinds of incidents that are universally recognised as disasters are dealt with. However, when should a business recovery plan be initiated under other circumstances? Such occurrences will be identified further on in this book.

### Where are you vulnerable?

Whether you are just starting up or you have built your business up slowly over time, or you are a new manager of an existing business or business function, it is important to understand where your weak points lie. In the next chapter there will be a detailed check-list for you to use to assess risk and vulnerability to problems. To start the thinking process you should consider some 'what if?' scenarios.

*'What if your best/only salesperson was run over by a bus?'*

- How do you manage their clients while they recover?
- How do you make sure that sales do not decline dramatically?

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*'What if your premises are ram-raided and all the stock is stolen?'*

- How do you get replacement stock quickly?
- Are you insured for this?
- Was it an inside job?
- What do you need to tell the police?

*What if you lose all of your client files because your computer system fails?*

- Do you have backups?
- Is there a paper system that contains all the information?
- Why did it fail?
- How long will it take to replace it all?
- How will the business function in the meantime?

Other 'what ifs?' have probably already occurred to you. While they are fresh in your mind, write them down. You may need a memory jog later.

### **What plans have you made so far?**

Most people have given business recovery planning some thought, although they may not have realized it.

These are the plans that you probably have already, even if you had not considered them as part of a business recovery process:

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- Fire drills
- Evacuation plans
- Information from your insurers about how to make claims, and exclusions from your policy

You may also have some or all of the following:

- Insurance policies
- Computer system backups and restoration routines
- Third-party providers of some services, such as networks
- Off-site storage for stock or finished goods

Start to look at what you already do that would contribute to a business recovery plan. When you start to build the overall plan, you will need to gather all of this information together, so go and find it. Blow the dust off the files and photocopy the notices on the walls. If none of these things apply to you so far, get yourself a notebook – you will need one.

### Summary

These are the benefits of having a business recovery plan:

- The plan is proof that you have thought through the impact of threats, including major disasters. This may reduce some of your insurance premiums
- Organisations that assess risks and take steps to counter them are more likely to reassure investors that their money is safe. This applies to banks, venture capitalists, private shareholders or your dad.

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All of them will recognise that you have put thought into your business

- A plan really does improve your chances of surviving a disaster

You should now recognise why you need to develop a business recovery plan and you should have started to think about your business and the impact of a disaster upon it. Tomorrow we will look at how you should assess the needs of your business.