

# **Business Continuity Management for Small & Medium Enterprises**

Every Business opens up with an aim to survive and achieve the business objectives. In addition, the goal will be to expand their product or services horizon and contribute to the society. With the risk & uncertainties around us, it is imperative that the employees are be protected and the delivery of product and services happen in line with the expectation of the customers. None would be interested to see his business impacted due to a disaster, accident, terrorist attack, or other incident. Therefore, the million-dollar question is “Is your company prepared for disruption or emergencies?” Do you have plans in place to overcome such impact to protect your business from a financial or reputational loss and achieve your business objectives?

“Failing to Plan is planning to fail” said Benjamin Franklin. If you have not planned for different scenarios / incidents, you are planning for a failure when incident strikes your business. An effective Business Continuity Plan (BCP) is your solution to protect your business during an emergency or a disruption.

Over the last decade, many large organizations have prepared a comprehensive Business Continuity Management (BCM), as a best practice to safeguard their business and operations. Especially, the Chennai Deluge in 2015 has been revelation for many organizations, including those Small and Medium Enterprises that did not have a BCP had to suffer loss and missed on their deliveries to their customers. While for large organization, it may require a separate team with subject matter experts to design and implement the BCM, smaller organization with 50 or 100s of employees cannot afford to have that luxury. However, they will have to be prepared in the interest of the survival of their employees and the business. Where to start? What are the steps involved in planning Business Continuity for an SME with a minimum budget, time & work force? Let me provide you some insights to the same in the following paragraphs.

## **What is Business Continuity Plan?**

Business Continuity Plan (BCP) is planning to protect your business operation from emergencies and disruptions by limiting your losses and safeguarding your reputation. You build the ability to continue to deliver your key product or services to meet your client contractual obligations.

The first step towards planning business continuity is to develop a base for the program. The purpose and scope will form the base for your overall program.

## **Purpose and the Scope**

Like there is a purpose to run your business, the starting point for planning business continuity is to state its purpose, and the scope.

The prime purpose of BCP is to ensure the safety of people, not just the employees, but also, your vendors and other visitors visiting your premises. The other important purpose is to protect the business operation from emergencies or disruptions and continue the operations to fulfil your contractual obligations with customers.

Then comes the Scope, which will set the boundary for the implementation. You could select a department / function or key product / service or only the main plant or a branch office that generates more than half of your overall revenue etc., you could consider picking it up one at a time or two or more at the same time, depending on your budgets. However, you need to start with those core areas of your business that is key for your business to survive.

An exercise of enterprise risk assessment or strategic impact analysis would help arrive at the precise Purpose and the scope. Few questions that may help carry out above exercise

Why do you need BCM for your company? Which department / function / branch are key for your business to consider for the implementation of BCM? What are the internal and external risks that would affect my business objectives? Who are all my key customers and their expectations? What are the contractual obligation? What are the legal and regulatory requirements?

The next step is to identify a leader to drive the BCM implementation for the identified scope.

### **Ownership**

You need to identify a senior level person, a leader who will be accountable in driving the program. Depending on the size of your business, **Business Manager, Operations Manager** can take up this role for company with few hundred employees or the Managing Director can take over this role for very small business with only very few employees.

While the leader need not have to be a Subject Matter Expert (SME), a bare minimum **understanding of the BCM is an utmost requirement**. There are lots of free videos and materials available in the internet. The Leader need to develop that inclination to understand the concepts well so that he or she could drive the implementation effectively. You can get the respective **process and activity owners as coordinator** to work with the leader to implement BCM

The next step is the backbone for BCM, which is to carry out an impact and risk analysis

### **Impact and Risk Analysis**

A simple analysis done with the following questions will help arrive at key process / activities that you need to continue to deliver your product or services, during a real time situation. As mentioned earlier, you can do this activity in phases aligning with your scope.

- Following a disruption or emergency, you may need to know which of the process or activity in scope for BCM helps deliver your key product / services.
- What are the penalties you would have to pay as per your business contract, if those?
- What is the maximum time those process / activity be down before your business is impacted? This is called the Maximum Allowable Outage (MAO)
- Is there any internal dependency amongst the process or activity or some external dependencies like vendor required to support it.
- What are the resources required to bring up those process / activity within the MAO time

Based on the above analysis, you will know **the key process and services that needs to be up** to continue to deliver your product or services in scope, **the priority in which you have to recover the**

**process and services** based on the time and dependency amongst them along **with resources required for recovery.**

Next is to identify Risk on the resources required to continue those key process and services. Risk is the uncertainty of achieving your objective. The Risk could be purely **internal** to your company like **inadequacy or unavailability of people skills, work environment, Hardware /Software, information** or **external like the public agencies, service providers / suppliers.** Further, list out all of those risks and based on **history / experience** on impact and the likelihood of the risk occurrence have to be analyzed. Also, **consider if there are any existing controls** in place.

Based on the analysis, **the risks**, those are high will have to managed either by putting in additional controls like **mitigating / transferring it. Identify risks other than Man-Made too.** Natural risk like floods, Earthquake etc. have to be considered for which prepare a detailed response procedure.

The generic key response steps are 1) Evacuation to ensure safety of employees 2) Setting up Emergency Operation Center, 3) Carry out situation assessment 4) Confirmation of employee safety 5) devise measures to restrict further damage 6) carry out Damage assessment 7) Protection of Assets 8) Report on incident/damage.

While your company might have taken insurance for all critical assets & resources, that would help to safeguard your financial loses, would not help you to continue the operations. Additionally, few organizations have planned for **insurance for interruption of business**, which you could consider as one of your Risk management strategy. The next step is to plan for better continuity Strategy.

### **Continuity Strategy**

Your business may have client, which is very large organization that demands BCM to be in place for the work they outsource to you. Therefore, you will have to plan a comprehensive continuity strategy to those Key Process and services in scope, as identified in your impact analysis, to meet your client expectation. Few of the strategies for you SMEs are

**Work From Home (WFH):** if your work is highly dependent on computer systems and net connection, planning a laptop for work will be an useful strategy to switch to WFH during the real time situations

**Business Centers:** If you do not have luxury to have laptops, you could have an arrangement with business center, which you can use only during the real time situations

**Reciprocal arrangement:** if you are a product manufacturing company, you may plan to work with your peer for using his facility when you have an incident or a disruption

In addition, wherever possible you could **work with your customer to use their facility** that is stable during an incident that disrupts your facility.

For business that has luxury of having more than one branch, you may identify few seats for recovering the key process / activity from other branches. Even, when the business is setup the key process or you can split the activity of departments in scope among your branches.

For all practical purposes, if the above strategy would call for some investment. So for SMEs who cannot afford to invest on strategies above, will have to settle down with restoring the business back in the affected facility, there may be a considerable amount of down time. The strategy will be to have arrangements with public agencies and services providers for a quick turnaround. For a longer duration of outage, the company will have to be prepared to have some reserve cash (one month revenue) to manage the additional expenses and also to take care of the usual running expenses, even if there is no revenue coming in as the overall recovery process is delayed.

For all above strategy, you will have to write detailed steps called plan. On completion of the plan you will test the plans.

### **Testing the Plan for improvement**

For SMEs the **optimal test types are Table top and Walkthrough**. Table Top is to involve the respective process or activity head to review the plan across the table with the Leader, to find any gaps in it. In Walkthrough test, the process or activity head walkthrough the plan involving all those involved in recovery of it. In the process, the gaps or learnings are recorded for improvement. Live test is like real time, which is complex and involves more time, effort and cost. SMEs who can do this type can plan these as annual exercise, while the other types can be done half-yearly

### **Review & Maintenance**

As the business grows, you may expand your product or service horizon. You may even setup more branches or open up franchises. For all significant change that happens, you have to update the BC plan to ensure currency of the same. In addition, you may have annual review of the plans so that you can update the plan based on the changes in your business. It is recommended to conduct Annual audit of the BCM to identify gaps / areas for improvement and to close the same to ensure the BCM effectiveness.

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