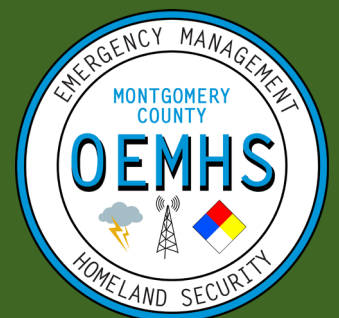


# BUSINESS CONTINUITY PLANNING:

A GUIDE FOR SMALL BUSINESSES  
IN MONTGOMERY COUNTY, MD



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## What is Business Continuity Planning?

Simply put, business continuity planning is a way for businesses to prepare for an event that would disrupt normal business functions. Through the business continuity planning process, a business identifies its essential functions and becomes prepared to react and recover from a disruption of business with minimal impact to the business. This process makes a business resilient against a wide variety of threats and hazards, leading to a stronger community as a whole.

## What Benefits Can a Small Business Gain from Business Continuity Planning?

Most importantly, businesses must ensure that they have emergency procedures in place to protect the health, welfare, and safety of their employees and customers. No business operates in a vacuum, making every business vulnerable to threats or hazards that could interrupt its normal operations. Although the probability of a disaster is low, the cost of a disaster is huge and could cripple a business.

Small businesses are especially vulnerable to a disaster, with 43% of businesses impacted by a disaster never re-opening and 29% of businesses closing permanently within two years of a disaster.<sup>1</sup> Businesses that create and implement a Business Continuity Plan are more likely to be prepared for a disaster and are more likely to recover and remain open after a disaster.

By creating a business continuity plan, businesses also protect their employees and customers, reputation, sales and revenue, and have a higher likelihood of retaining customers. This is because businesses that develop and implement continuity plans are more likely to protect valuable business infrastructure, such as important documents and equipment, and reconnect with suppliers and customers quickly after an event. Additionally, more businesses implementing continuity plans help the entire community by keeping the supply chain running after an event, minimizing impact to the greater community as well.

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“Private-Sector preparedness is not a luxury; it is a cost of doing business in the post 9/11 world. It is ignored at a tremendous potential cost in lives, money, and national security.”

-9/11 Commission Final Report, Chapter 12

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## How do you create a Business Continuity Plan for a Small Business?

Business continuity s Planning is a simple process that all businesses can easily implement. The process can be easily broken down into the following five steps:

1. Complete a Business Impact Analysis
2. Conduct a Risk Assessment
3. Identify Additional Resources
4. Make & Implement the Plan
5. Review, Evaluate, and Modify the Plan

Each of these steps will be discussed in detail below.

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### 1. Complete a Business Impact Analysis

The first step in creating a business continuity plan, is to conduct a Business Impact Analysis (BIA). BIA refers to the steps a business takes in identifying its essential functions and what could impact these essential functions. Before beginning the BIA, a business should identify its internal hierarchy or order of succession. For example, a small business with an owner, manager, and three general employees may have an order of succession look like this:



Once the order of succession is clearly set, a business can then identify its essential functions. An essential function is a core activity of a business which, usually, is incorporated in the business mission statement. A business continuity plan may include the cessation of certain essential functions and retention of others during an emergency situation, depending on the situation and the priority given to that function. Some examples of essential functions of a business include:

- Delivering goods to clients
- Keeping construction crew members safe while at a build site
- Maintaining refrigeration units in a restaurant to keep perishable food fresh
- Keeping sensitive records secure for a boutique tax preparation firm

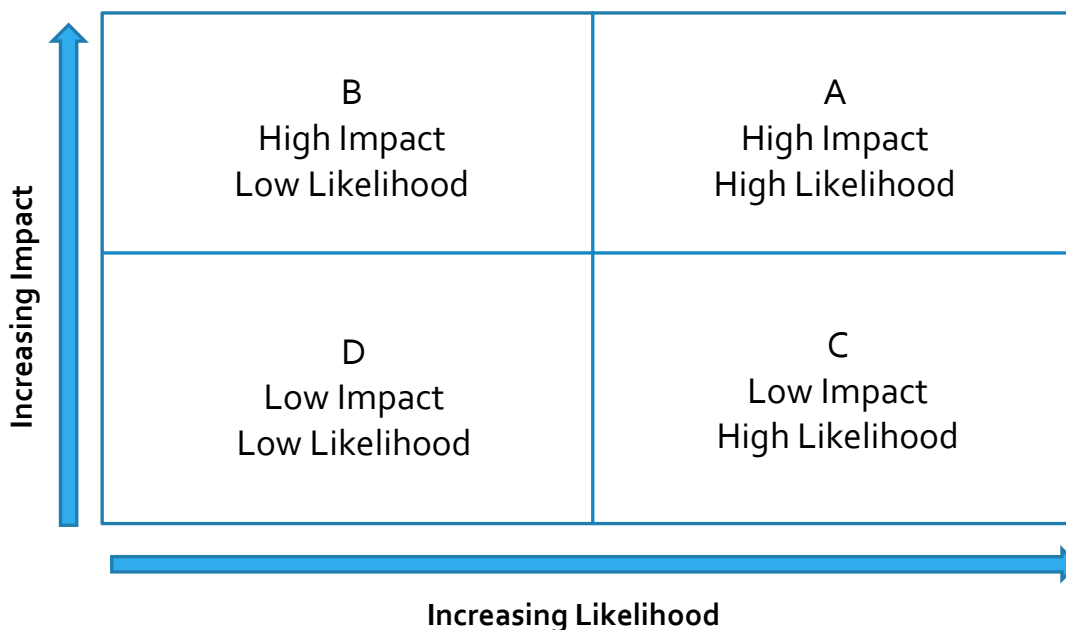
Once a business identifies all of its essential functions, it must assess how different levels of disruption would impact the business' ability to function. For each essential function, a business should determine the severity of impact created by an event that creates a minor, moderate, or significant disruption to the essential function. For example, a small retailer's only credit card reader losing connectivity for an hour would be a minor impact because it results in short term disruption of service. The chart below provides some guidance to identifying levels of impact:

Impact Description	Example
<b>Minor</b>	<ul style="list-style-type: none"> <li>• 0-12 hours disruption of service</li> <li>• No damage to business reputation</li> <li>• Minor loss of revenue (range to reflect individual business)</li> <li>• Little effect on achieving business mission</li> </ul>
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• 12-48 hours disruption of service</li> <li>• Some damage to reputation</li> <li>• Loss of revenue (range to reflect individual business)</li> <li>• Partial failure of achieving business mission</li> </ul>
<b>Significant</b>	<ul style="list-style-type: none"> <li>• Loss of service for 48 hours or longer</li> <li>• Extensive media coverage or damage to business reputation</li> <li>• Substantial loss of revenue (to reflect individual business)</li> <li>• Failure of achieving business mission</li> </ul>

Templates for completing a BIA are available through the Montgomery County Office of Emergency Management, Federal Emergency Management Agency, and a number of other websites. Links to some of these resources are listed at the end of this guide.

### 2. Assess Threats that Could Cause a Disruption of Operations

Similar to the Business Impact Analysis, each business should also conduct a risk assessment. In this context, a business risk is an unwanted outcome that may happen to the business as a result of a hazard or threat. For this analysis, businesses should identify likely threats to each of its essential functions. Then, the business should prioritize each risk by the severity of impact to the business if the threat or hazard occurred. A good way to prioritize these risks is by calculating a risk score, as assessed by the matrix below.



Once a business calculates a risk score for each of its essential functions, it should incorporate these scores into the plan and use them to prioritize tasks when planning for an emergency.

### 3. Identify & Catalog Current Resources

In addition to the Business Impact Analysis and Risk Assessment, a business should identify other current resources and necessary contact information before making a plan. Both public and private resources should be documented, such as information for local emergency response agencies and private insurance coverage. Employees, clients/customers, vendors,

and service providers are also resources that should be identified and documented for use in the plan. For each resource, there should be documentation of contact information as well as a brief description about the resource’s use.

Other resources to identify include neighboring businesses. Working in coordination with neighboring businesses and building owners can help avoid confusion and gridlock in the case of an emergency. Collaboration is especially useful for small businesses with limited resources.

**4. Make & Implement a Plan**

Once a business’ essential functions have been identified, risks assessed and scored, and the business’ current resources identified, the business can devise strategies to protect those resources. Businesses should make a written plan that covers disasters that are likely to occur in Montgomery County. Generally, the County supports an “all-hazards” approach to planning. For example, a business would have a single plan if local public transit ceases operation, regardless of the reason for public transit disruption (snow, hurricane, etc.).

Under the plan, a business should designate a primary crisis manager and create a delineated order of succession in case the primary crisis manager is unavailable. The primary crisis manager should be an individual with day-to-day decision making authority in the business that is intimately aware of the business’ policies and procedures. The order of succession should clearly state who would assume charge if the primary crisis manager is not present. In addition to order of succession for crisis managers, the plan should clearly note secondary locations for operations, if any. Because every business is unique, a plan should be individually tailored to each business. However, there are some common issues that all business ought to consider while undertaking continuity of operations planning. For example:

**Weather Emergencies**

- Snow
- Tornado
- Hurricane
- Earthquake
- Flood

**Property or Equipment Destruction**

- Accidental
- Criminal

**Public Health Concerns**

- Requiring limited contact between personnel, either by having staff work in isolation or further distances apart from another. This is sometimes referred to as social distancing.

**Workplace Violence**

This list provides some common concerns businesses should address in their plan but is not comprehensive. Plan templates for a number of common situations are available through the Montgomery County website and other materials listed in this guide.

### **5. Continuously Review, Evaluate, and Modify the Plan**

Businesses should conduct an annual review of their Business Continuity Plan. The review should include feedback from any events or drills throughout the year and modifications to the plan should be made to reflect lessons learned from the feedback. Additionally, the updated plan should be clearly marked so that staff know which plan to use in the case of an emergency.



## **Emergency Supply Kit**

In addition to a Business Continuity Plan, each business should create and store an emergency supply kit. This kit includes the tools necessary to keep staff and customers safe during a variety of threats or hazards. Co-workers should discuss what supplies they should keep on hand, designate a place to store the supplies, and a system for ensuring that the kit remains stocked. Below are some common supplies for an emergency supply kit:

- **Water**
- **Food**
- **Battery-powered radio**
- **Flashlight**
- **Extra Batteries**
- **First Aid Kit**
- **Whistle**
- **Dust or filter masks**
- **Sanitizing wipes**
- **Wrench or pliers**
- **Can opener**
- **Plastic sheeting**
- **Duct tape**
- **Garbage bags**
- **Plastic ties**

## **Conclusion**

Small businesses are a vital part of the Montgomery County community, contributing to a robust economy in the county. Because small businesses are very important to the lives of Montgomery County citizens, providing a number of necessary services, it is important that each small business is prepared for an emergency event. Ensuring that businesses are resilient to emergency situations helps strengthen our overall community. Although it is impossible to prevent or anticipate all situations that could cause a disruption to businesses, creating continuity plans will help businesses minimize disruptions, losses, and injury.



## Appendix A: Available Planning Resources

### **Business Impact Analysis Templates**

- Loyola University Maryland: <https://bit.ly/2Hy96k6>
- University of Texas, Austin: <https://security.utexas.edu/risk/planning/bia-instructions>

### **Business Emergency Plan Templates**

- FEMA: <http://www.ready.gov/sites/default/files/documents/files/sampleplan.pdf>
- Texas Access to Justice Project:  
[http://www.teajf.org/grants/downloads/sample\\_emergency\\_plan.doc](http://www.teajf.org/grants/downloads/sample_emergency_plan.doc)
- East Sussex County Council, UK: [http://www.eastsussex.gov.uk/NR/rdonlyres/oF9DBE4B-5DD2-49C3-A5A5-4EC2DFB2D980/o/continuity\\_plan\\_template.rtf](http://www.eastsussex.gov.uk/NR/rdonlyres/oF9DBE4B-5DD2-49C3-A5A5-4EC2DFB2D980/o/continuity_plan_template.rtf)

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<sup>1</sup> UNITED NATIONS DEVELOPMENT PROGRAMME CRISIS PREVENTION AND RECOVERY, *Small Businesses: Impact of Disasters and Building Resilience*, 2.12, available at: <https://www.undp.org/content/undp/en/home/librarypage/climate-and-disaster-resilience-/small-businesses---impact-of-disasters-and-building-resilience.html>