How to write an effective business continuity plan

The Covid-19 pandemic has caused unprecedented disruption to business globally and has highlighted the importance of business continuity plans. Grant Gray, PCQI, Management Systems Consultant at 2SB Management Systems, UK, explains how to write a business continuity plan that is rigorous and will function effectively when it needs to be executed

Many people in small- and medium-sized enterprises (SMEs) will know the dread of being tasked to write a business continuity plan. Common questions such as 'Where do I start?', 'How should it be structured?' and 'Why are we even writing a plan?' enter the mind. The Covid-19 pandemic has, in one fell swoop, made the scenario very real – and a pandemic probably wasn't even included in the vast majority of business continuity plans.

The coronavirus pandemic has created significant disruption to organisations and supply chains and highlighted how unprepared the world was for an event like Covid-19. True, even the best-laid plans may have struggled to cope with the impact, but in many ways, we were all blindsided. With the benefit of hindsight, it seems inconceivable that in January 2020, an article in *Forbes* magazine entitled '5 Trends Set To Disrupt Global Supply Chains In 2020' doesn't mention coronavirus as a risk.

The pandemic has brought and will continue to bring business continuity into the foreground and accelerate its growing prevalence.

In this article, I explain how to write an effective business continuity plan and review some simple examples, consider some of the common pitfalls and make suggestions as to tangible ways to improve the effectiveness of a plan. ▶

THE RISE OF BUSINESS CONTINUITY AND ISO 22301

Although it is hard pinpoint the exact origins of business continuity management, its practices can be dated back to at least the 1970s, when efforts were needed to safeguard the significant infrastructure required to keep large data centres and computers cool. It became a more formalised discipline in the 1980s, with a clearly defined mission to protect the organisation.

There have been various iterations of business continuity standards (PAS 56:2003, replaced by BS 25999:2007, which was in turn replaced by ISO 22301:2012), which have led to the latest version of the international standard ISO 22301:2019 Security and resilience – Business continuity management systems – Requirements.

With the globalisation of supply chains and the rapid adoption of cloud computing, the need for businesses to manage their own resilience, as well as monitor the strength of their supply chains, has never been greater. The latest data available from the International Standards Organization (ISO) shows that although there are still only a modest number of ISO 22301 certificates worldwide, there is a significant annual increase.

ISO certification bodies are reporting unprecedented demand for ISO 22301:2019 audits, particularly since the start of the pandemic. There are other frameworks for implementing a business continuity management system, but this article will focus on ISO 22301.

BUSINESS CONTINUITY MANAGEMENT SYSTEM

The first important point to highlight is that a business continuity plan is an output of a detailed investigatory process, rather than the starting point. Therefore, it follows that the most comprehensive business continuity plans are an output of a business continuity management system. What this means in practice is that there should be a culture and structure woven into an organisation that considers business continuity from senior leadership downwards, and that is used to establish, implement, operate, monitor, review, maintain and improve business continuity.

Business continuity can be considered a whole discipline in itself, but many SMEs do not have the resources to spend purely on this concern. However, there are a number of elements that should not be missed.

SENIOR LEADERSHIP INVOLVEMENT

To have any chance of success, business continuity planning must have senior leadership backing and involvement in its construction (Clause 5.1 – Leadership and commitment). They will be able to offer essential business information that will affect recovery in times of disaster, and provide the time, resources and clout needed to embed its practice and achieve widespread acceptance. Involving management in the decisions also appeals to Clause 5 of ISO 22301 and is a key driver for a strong business continuity management system.

WELL-DEFINED ROLES AND RESPONSIBILITIES

In small organisations, it may be possible for two or three people to own the planning, testing and execution of business continuity arrangements. However, in medium-sized and larger organisations, key people from mission-critical departments should be involved. Roles and responsibilities need to be written and communicated, for example in the form of a RACI (responsible, accountable, consulted and informed) matrix (Clause 5.3 – Roles, responsibilities and authorities).

CONDUCT A BUSINESS IMPACT ANALYSIS

One of the most important tasks for organisations to undertake is an analysis to determine their 'prioritised activities' (Clause 8.2.2 – Business impact analysis). Managers should assess which are the most vital activities in the business – those that would cause significant organisational issues if impacted by a disruptive event.

For each prioritised activity, consideration should be given to the type of impact it would have (financial, reputational, legal, contractual etc), the maximum tolerable period of disruption, the recovery time objective and, bearing in mind it may not be possible to restore the process to full capacity immediately, the minimum level of product or service that is acceptable to the organisation in the interim.

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UNDERTAKE A RISK ASSESSMENT

With the critical processes in mind and input from senior management, a risk assessment should be conducted (Clause 8.2.3 – Risk assessment) to determine all the potential threats to continuity. This will follow the natural sequence of identifying risks of disruption, analysing the risks, evaluating the risks and deciding what treatment is most appropriate.

Avoiding the risk (ie, by changing the parameters of the activity), mitigating the risk (ie, by taking direct action to reduce the likelihood or consequence), sharing the risk (ie, through insurance) or accepting the risk (if it is small or financially infeasible to take action) are the four main options upon which the business must decide. Particular attention should be paid to any single points of failure, which can include key employees, software, hardware or a vital supplier.

DEFINE STRATEGIES

Based upon the business impact analysis and risk assessment, the organisation will need to define the strategies required to protect key activities. This is defined in Clause 8.3 (Business continuity strategies and solutions) and involves considering solutions that will reduce the likelihood of disruption, shorten the period of disruption and limit the impact on products and services.

The business should consider the costs and benefits of each proposed strategy and may find that some of the most comprehensive strategies are not viable.

ESTABLISH AN INCIDENT RESPONSE STRUCTURE

Once the organisation knows what could be impacted, how it could be impacted and have some strategies for tackling a business continuity event, it needs to create a structure for responding to incidents if they do occur (Clause 8.4.2 – Response structure).

Competent teams should be able to assess the nature, extent and potential impact of the disruption, decide whether it crosses predefined thresholds and, if so, activate the appropriate response.

WRITE YOUR BUSINESS CONTINUITY PLAN

Finally, write the business continuity plan. The plan should contain details of the activities required to continue or recover prioritised activities, monitor the impact of the disruption against agreed thresholds and prevent further loss of prioritised activities, while meeting the requirements in Clause 8.4.4 (Business continuity plans).

As plans are typically used in critical situations, they should be clear, concise and easy to follow. Referencing other procedures, such as those for emergency communication, is a good way to streamline the business continuity plan.

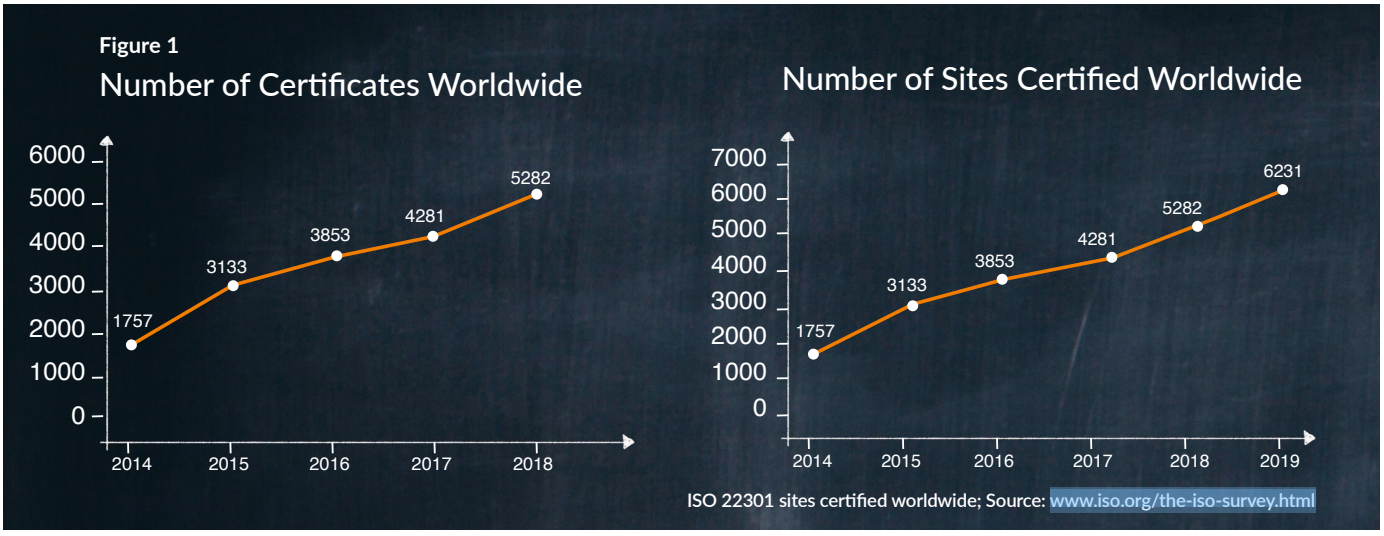
OBTAIN SENIOR MANAGEMENT APPROVAL OF THE PLAN

A common oversight when building a plan is the omission of strategic considerations that only senior management may be aware of. Without this input, the plan may leave out key aspects, such as financial, people and business growth information, which would impact the success of the plan when it is implemented. The Management review (Clause 9.3) is one tool for achieving this.

TEST AND VALIDATE YOUR PLAN

Even the best-curated plans will have weaknesses, and therefore it is critical to test them regularly and at planned intervals. Testing methods include both a discussion-based exercise, which is intended to familiarise and consult team members and suppliers on plans, and an operations-based exercise, in which a simulation is carried out to put the team through their paces. Exercises should be reviewed, findings documented, and improvements incorporated back into the planning documents (Clause 8.5 – Exercise programmes). ▶

Figure 1



ISO 22301 sites certified worldwide; Source: www.iso.org/the-iso-survey.html

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CONSIDER THE IMPACT OF ORGANISATIONAL CHANGES

Organisations should not forget about change management [see 'Change Management: A Step-By-Step Guide' on p12 of *Quality World* November/December 2020 for how to introduce and manage change]. This requires a high level of discipline from organisations to properly consider changes before they are introduced and assess their impact on business continuity. Plans should be updated accordingly, and this highlights why senior leadership involvement is critical. Those authorising changes should also be questioning the business continuity impacts (Clause 6.3 – Planning changes to the business continuity management system).

BUSINESS CONTINUITY VERSUS DISASTER RECOVERY

It is important to make the distinction between these two plans as there is often confusion and they are often used interchangeably. A business continuity plan ensures that regular business will continue even during a disaster.

A disaster recovery plan is typically a subsection of a business continuity plan and is primarily concerned with the process of restoring vital support systems, such as IT infrastructure, communications and hardware.

COMMON PITFALLS IN BUSINESS CONTINUITY PLANS

Recently, I had the opportunity to review two business continuity plans for manufacturing businesses. By playing out different scenarios to see how effective the plans would be if they had to be implemented, it was not entirely surprising that there were some areas that needed addressing. Below is a summary of what I discovered, and considerations to give when creating a business continuity plan. Writing an effective plan requires real thought and effort, but it doesn't need to be complicated.

Testing the plans

Although it can be highly beneficial to test your plan by enacting the scenario (for example, by asking all staff to work from home at short notice) to highlight any issues, the reality is not every scenario can be tested this way, particularly by small businesses. Where it isn't possible to enact parts of the plan, a detailed and interactive desktop test should be conducted. If, for example, you have a mutual business continuity agreement with another business, call them to ask if they could realistically fit your current workload onto their machines.

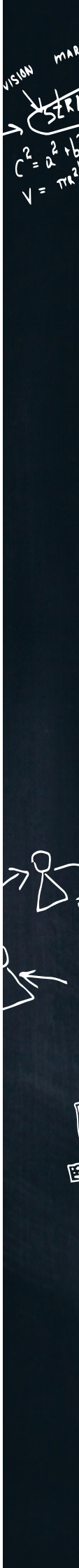
The plans of the manufacturing businesses I looked at were based upon similar strategies and assumptions:

- Implementing the plan in the event of a major disruption was to be funded by the business. Insurance would cover the losses once the insurance company investigations were complete.
- Temporary cabins/offices for accommodating staff could be easily acquired and there would only be a few days disruption to staff work.
- Additional specialised units/spaces could be procured and commissioned within a few days with minimal interruption to the operational process.
- Work-in-progress standing on the floor, usually two to four weeks' worth, could easily be replicated with a two-week delay with notifications going to clients. Disruption was expected to be minimal.
- There was an assumption that key staff would be around after a disaster.
- The temporary business continuity arrangements could be in place within a week and the business could survive if it sorted itself out within two months.

Results of testing

The tests pointed to the following findings:

- Despite what was stated in the plans, when pressed, the directors believed they could go out of business within two to four weeks if the plan was ineffective. They had not been fully involved during the initial writing of the plan.
- There was a huge cash flow burden on the business if insurance did not pay out quickly, which could be terminal.
- Although mutual business continuity arrangements were in place with businesses with the same production capabilities, the directors said the reality was that these competitors were unlikely to have sufficient capacity and had questionably lower quality standards. Being able to redirect all the work on their books would probably not be possible, and clients would be likely to seek alternative manufacturers, potentially for good.
- Calls were placed to the suppliers of cabins and specialist equipment. These suppliers reported that it could take up to two weeks to deliver and commission.
- Incomplete jobs standing on the floor could overshoot deadlines by at least two weeks to a month, missing the maximum six-week deadline. This would place the business and its reputation at risk.
- There was, in fact, no space to house sufficient cabins for all office-based staff on the site and remote working would need to be initiated.
- There was no prior experience or testing of having a significant proportion of staff remote working for any significant time.
- Directors and managers were high-risk individuals and loss of these parties without disseminated knowledge could affect the business moving forward.



KEY CONSIDERATIONS FOR YOUR PLAN

I have highlighted some of the key findings, but in general the plans were not as accurate, employable and effective as had been thought. This should not reflect negatively on these organisations, as the issues raised above are a common issue in most plans I see.

When writing an effective business plan, I suggest you bear the following in mind.

- Are senior management involved in the process of creating a business continuity plan? They must be! It is the senior management who know how long the business can survive; what time frame will start putting unbearable stress on finances; which processes must be prioritised; which other companies could take some workload; the tolerance of customers for delayed delivery on products and services.
- Do you have enough finances to recover in case insurance takes months to pay out?
- Will suppliers deliver essential items in fair time frames, and are they easily housed and accessed by staff? Ensure you call suppliers to find out how long it would take to deliver critical infrastructure.
- Is there space to accommodate staff at an alternative location? If not, is the remote working process easy to implement and manage? Many companies have found enabling remote working has been more time-consuming than initially expected. Speak to your IT company to understand this.
- How aware are staff and management of the information and data security risks that could be introduced while executing the business continuity plan? Can information be transferred from the home environment to the company servers securely? This is more of an issue for companies with local rather than cloud servers.
- If your primary server is damaged or compromised, how quickly can you access your backup? Will the backup be a precise snapshot at the time the server fails, or will you have lost 24 hours or more of work? Do you need to adjust the backup regime?
- How often should the plan be tested to ensure it is current and effective in a disaster? Decide which elements of the plan are most critical. Run a theoretical test at a minimum, to decide whether the controls are effective.
- For many businesses, the introduction of remote working during the Covid-19 pandemic has taken a number of days or even weeks to get working properly from an infrastructure point of view alone. If companies had tested their remote working ability by requesting all staff work from home for one day prior to the pandemic, would they have been better positioned to know and address the challenges?
- Think outside the box – very few people were predicting this pandemic and the magnitude of its impact. What other seemingly unrealistic scenarios could you be overlooking?

CONCLUSION

Business continuity plans are not just there to survive a major disaster. Sometimes less-damaging situations, such as the loss of a key member of staff, could severely affect a business, but may seem a minor issue until they happen.

An effective plan will consider all options, involve multiple parties from across the business and be well communicated to staff. Leaving things to chance is creating the potential for a business to close, placing everyone at risk of job loss.

Effective planning produces effective results. ■

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Further information

For a detailed understanding of the steps involved in creating a business continuity plan, the International Standards Organization's ISO 22301:2019 standard gives a framework within which to build a business continuity management system. This is available to buy online at: iso.org/standard/75106.html