

The Best Defense is a Good Offense: Business Contingency Planning

Until September 11th, probably the biggest potential threat many American businesses have faced was Y2K. Nowadays, companies are learning that it is important to have a plan in place to both prevent and respond to a variety of calamities that have the potential to create significant business interruption. There are some simple steps to follow to create a Business Contingency Plan that establishes a level of preparedness for your company that translates to a greater sense of security for your employees, clients and vendors.

The first thing to do is to identify who in your organization should be involved in drafting a Business Contingency Plan. Typically included are representatives from IT, Human Resources, Finance, Facilities, Legal, Communications and Senior Management, as well as Subject Matter Experts in areas that are specific to your individual business (e.g., manufacturing, regulatory, service unit leaders, etc.)

The second thing to do is to articulate the goals of Business Contingency Planning and the company's mission or philosophy about business continuation. Then, the team works to identify the level of emergency it will address and the level of risk the company is willing to assume when determining appropriate response strategies. For example, securing an off-site "hot site" with a back-up generator to which one's entire staff can be relocated in the event of an emergency is a good idea for some companies, but would be financially crippling for others. Companies often arrive at the answers to these questions by first defining what they mean by "normal" business operation, identifying the level of business interruption the company can sustain before its survival is threatened, and identifying what "recovery" would look like for the company. For many companies, recovery is defined as the ability to operate well enough to meet current obligations to one's clients at a level that is acceptable to both clients and the company itself, and to protect the life safety of its employees and clients.

Once the goals and parameters of Business Contingency Planning are established, the team works to identify a number of possible or likely risk scenarios they are willing to address. It's easy to let one's planning balloon out of control in this stage, so it's important to limit the discussion to no more than a half-dozen likeliest or highest impact scenarios. Once the team agrees on which scenarios to address, the details of responding to those scenarios are mapped out and documented. In addition, an organizational chart should be established to indicate who is responsible for which part of the response plan. Each responsible person should also have a designated alternate.

Finally, once scenarios are addressed and protocols mapped out, it's time to take a bird's eye view of the process and ask the question, "What could we be doing today to minimize the impact of one of these scenarios in the future?" The answers range from simple, low-cost activities (e.g., Compile a list of employee names, home addresses, phone numbers and emergency contact names and numbers and locate a copy off-site but accessible.) to higher-cost solutions (e.g., building or leasing and maintaining a

supplemental site from which the company can operate). Once a plan is established it should be reviewed and rehearsed at regular intervals to ensure ongoing efficacy.

Business Contingency Planning may be difficult and sometimes produces anxiety in the process. Many reputable consultants are available to help companies prepare as best they can for an uncertain future and take some of the anxiety out of the process. However, whether you do it yourself, or hire a consultant, establishing and implementing a plan almost invariably brings peace of mind to one's employees and clients and can minimize the impact of business interruption on your people, your work product, and your bottom line.