How to Build Your Business Continuity Plan in **5 Steps**

Many business owners spend most of their energy directed at building and growing their business while failing to prepare for the likelihood of a disaster. Disasters come in many forms, natural and man-made, and can threaten the survival of a business.

A solid business continuity plan can help you reduce losses and maintain essential operations – but how do you know if your plan is solid? Simply having a plan is not enough. You also need to train your employees, test your plan and implement updates as necessary.

Step 1: Know the Potential Risks

Don't assume that your business isn't at risk. Even if you don't live in an area known for hurricanes or wildfires, there are still many natural, technological and human-caused disasters that could disrupt your business.

Analyze the risks that threaten your business. Here are some of the disasters that you should be prepared for:

- Pandemics
- Fires
- Floods
- Severe Storms
- Earthquakes
- Riots and Civil Unrest
- Chemical Spills and Other Environmental Disasters
- Cyber Attacks
- Power Outages
- Equipment Failure
- Workplace Violence Incidents

Step 2: Outline Your Business Continuity Plan

After a disaster, you will need to act quickly to minimize disruptions and ensure that your business makes a quick recovery. A business continuity plan outlines what steps will need to be taken to prevent disruptions, reduce losses and continue business operations.

- **Conduct a business continuity impact analysis.** How will potential disasters impact the business, such as operations and finances?
- **Identify essential business functions.** Which functions must be prioritized during and after a disaster? Consider safety, regulatory, reputational and financial issues.
- **Create timelines.** What delays are allowable? How long can business be disrupted before serious consequences occur? How long will recovery take?

- **Secure resources.** What resources – including human resources, physical resources and information – will be needed to continue business operations?
- **Mitigate risk.** What precautions can be taken to limit or prevent the negative impact on business operations?
- **Strategize.** What is your business continuity strategy? How will operations continue during or after a disaster?

Step 3: Add Details that Include These Key Elements

A business continuity plan should be detailed and ready for implementation. When creating your business continuity plan, don't forget to account for these key elements:

- **Essential Functions** – the critical business functions that must be prioritized after a disaster
- **People** – the employees at the company and third-party vendors and contractor who will carry out the plan
- **Resources** – the various equipment, supplies, utilities and other resources needed to continue business operations
- **Data** – the information that will be needed to continue business without interruptions, including how to store the backups of this information and how to access them
- **Location** – where work will be conducted, for example, from the employee's homes or a secondary facility, office or another work site if needed
- **Communication** – the methods of communication used to contact employees, vendors, clients and others immediately following a disaster, especially if the main building, equipment and networks are inaccessible
- **Losses** – the expected losses that might occur after a disaster and how these losses will impact the company's overall financial health
- **Expenses** – the expected costs that will arise after a disaster

Step 4: Practice and Fine Tune as Needed

When a disaster strikes, you want to be ready, which requires preparation and practice.

- **Involve All Company Leaders.** Discuss the business continuity plan with key leaders in various departments. Ask them how various disasters could impact their operations and budgets. They may raise issues and concerns that were not previously considered.

- **Train Everyone.** As with other aspects of work, business continuity planning requires training. All individuals involved in the business continuity plan should receive training on the plan.

- **Test.** You need to test your business continuity plan to check for problems and weaknesses. Don't wait for an actual disaster. Carry out testing exercises, and revise the plan as needed to address any issues uncovered during testing.

Step 5: Review and Update Your Plan Frequently

Over time, your business continuity plan may become outdated. It's important to update your business continuity plan as needed to ensure that it remains effective. This means:

- Reviewing your plan regularly to see if updates are needed
- Updating your plan after major changes to your company
- Considering how changes to services, products, personnel, location, equipment, computer systems, the supply chain, vendors and other key elements of business may impact your business continuity plan

Sources

https://www.sba.gov/business-guide/manage-your-business/prepare-emergencies

https://www.fema.gov/media-library-data/1441212988001-1aa7fa978c5f999ed088dcaa815cb8cd/3a_BusinessInfographic-1.pdf

https://www.ready.gov/business-continuity-plan

https://www.ready.gov/business-impact-analysis

For additional information and resources on this topic and other safety and risk management subjects be sure to visit the Loss Control section on our website:
www.amtrustfinancial.com/loss-control

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