

# **Business Continuity Planning, What It Is – What It Isn't**

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### **Continuity Planning Is An Investment**

Virtually billions of dollars have been spent on technologies that store, retrieve and update business data within a pre-defined data backup window. For the small to medium sized business market (SMB's), this money has been spent with minimal effort in analysis, assessment, continuity plan development, or continuity plan implementation. A well-planned and exercised Business Continuity Plan (BCP) will decrease operational expenses and positively enhance Return On Investment (ROI) while leveraging a company's existing technology infrastructure.

For the most part, SMB business owners and their executives envision continuity planning as just another cost to their bottom line. It's one of those bullets on the company scorecard that never seems to go away or get resolved efficiently. In fact, a well developed and practice continuity plan provides both hard and soft value to the core of your business. The inherent and realized value an active continuity plan provides to your company far outweighs its cost of development and implementation.

### **Data Backup and Continuity Planning**

All companies should have some form of data backup processes employed within their operations. Simply stated, a data backup process will not protect your business from an unplanned interruption, nor will it cost effectively get your business back on-line post any declared disaster. So, if you're reading this article and believing your offsite backed up data is your business continuity plan – think again. Backing up your data is just one single piece of continuity planning and every business owner should invest in a backup technology as it fits their business needs. Here's a short list of why companies invest in data backup systems and processes:

- ◆ Ensures company data such as accounts payable, accounts receivable, client information and other key data can be retrieved
- ◆ Fear, uncertainty and doubt (FUD) about safeguarding critical business data
- ◆ Due to a tangible purchase, you can calculate your investment cost and measure ROI
- ◆ There are a plethora of new vendors that offer backup and storage solutions, thereby creating greater competition and hence, lower prices

Effective continuity planning ensures that company data is managed in accordance to key business metrics such as Recovery Point Objectives (RPO's) and Recovery Time Objectives (RTO's) and not technology necessity. Data backup falls far short of ensuring ongoing operational integrity. A recent study from The University of Texas found the following when companies face catastrophic data loss:

- ◆ 43 percent never reopen after a declared disaster
- ◆ Another 51 percent close down in less than two years due to business redirection or misdirection
- ◆ Only 6 percent of companies experiencing catastrophic data loss survive

Therefore, it is clear that having only a data backup plan does not guarantee that your company will survive a business interruption event. A business continuity action plan should be integrated into daily operations to assure that your business will continue during and post an unplanned interruption event.

Relative to backing up company data, key questions that a continuity plan will answer, including plan assurance testing and maintenance are:

- ◆ How often do I need to back up company data?
- ◆ Which data should I back up and have stored offsite vs. onsite?
- ◆ What skill sets are required to effectively manage the storage environment?
- ◆ Can I recover company data within the time frame dictated by business needs?
- ◆ What data backup technology(s) are best suited for my current and future business needs?
- ◆ What are my data management requirements for meeting fiduciary responsibilities?

### **Business Interruption Insurance and Contingency Planning**

The premise of business interruption insurance is primarily on the financials of the business. Meaning, the majority of premiums are paid out based upon net profits earned by the business. In comparison to other insurance needs, such as fire or flood insurance, business interruption insurance can be a vital component to your business's survival. But too many business owners fail to take time out of their schedules and plan how they would manage a serious unplanned business interruption. Business interruption insurance is not sold separately. It's added to the business's existing property insurance or included in a package policy.

From a coverage perspective, here's a quick list of what business interruption insurance will compensate:

1. Compensation for lost income. If the business has to vacate the premises due to an unplanned interruption – such as a fire that's included in your insurance policy.
2. Lost profits you would have earned based upon your financial records.
3. Operating expenses, such as electricity, gas and water that continue even though your business has come to a temporary halt.

For line items 1 through 3 above to come to fruition, one must assume the financial records are available post a declared disaster. Also, you may collect on lost profits but you will lose out on future client acquisitions while your

management team is working feverishly to get the business back into running order. In general, it costs more to re-build a business than what the business owner can collect on profits lost. Hence, even with insurance business's can easily go bankrupt. Here's a list of realizable losses that business interruption insurance does not cover:

◆ Loss of customer goodwill	◆ Loss of market share
◆ Reduced cash flow control	◆ Negative publicity
◆ Cost in increase customer churn	◆ Cost of winning back lost customers
◆ Missed business opportunities	◆ Corporate/personal legal liability costs
◆ Value of lost data between backup deliveries	◆ Loss of vital and critical paper records
◆ Loss of information needed to make strategic & operational decisions	◆ Loss of employee knowledge – employees will quit and jump to competition

A well-planned and exercised Business Continuity Plan (BCP) will help ensure your business maintains operational readiness during and post any business interruption event. There is no such thing as a 100% guarantee to business survivability. However, an effective BCP will keep your business open post natural disaster events, during system outages, data moves, system upgrades, and batch window processing. The intent of a BCP is focused around operational integrity and information availability. Today more than ever before there are significant technical and operational dependencies that can quickly undermine the integrity of your business' operations. Ensuring an active BCP is in place is vital to business information availability and data integrity. A BCP action plan leverages your business's operational processes, applications, technology systems, and IT infrastructure that directly support the pre-defined business deliverables while maintaining your business's revenue stream. Principle goals of developing and maintaining a BCP are to:

◆ Provide for the safety of all employees	◆ Ensure the continuance of business operations
◆ Minimize immediate damage or loss	◆ Differentiates the company against its competition
◆ Minimize downtime	◆ Reduce recovery effort complexity
◆ Establish management succession	◆ Facility effective recovery coordination

Think about all those years of building your business only to have its operational integrity collapse due to a wide variety of uncontrollable inside and outside forces, leaving you with more questions than answers. Yes, every business should back up their data and yes, every business should have adequate insurance coverage. However, as stated above neither of these actionable

business items, whether technical or process related will ensure the on-going viability of your business and keep you away from bankruptcy. From the inside out, continuity planning is an integral component to the strategic and operational aspects of your business. An active BCP encapsulates the requirements placed upon the business such as data backup, insurance, business processes, IT infrastructure, externally dependent systems, and regulatory requirements. At the end of the day, business owners and their respective executive team members are responsible and accountable for the ongoing operational integrity of the business. Every business, regardless of size should be operating with an active business continuity plan.

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