

Business Continuity



Management

A guide to help you continue or rebuild your business in the event of an unexpected event

This guide provides you with an overview of business continuity management and its objectives. There is information on the differences between the traditional and modern view of business continuity management and why it is such an important issue for small businesses.

Business Continuity Management

This brief guide looks at how you can plan to continue or rebuild your business in the event of an unexpected event and covers the following content:

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1. What is Business Continuity Management?

Business continuity management is about mitigating the impact of a disaster by ensuring alternative mission-critical capability is available when disaster strikes. In other words, it is about being able to continue or rebuild your business in the event of an unexpected event. When done properly, business continuity planning can preserve the following within your business:^[1]

- ✓ assets
- ✓ capability to achieve its mission
- ✓ operational capability
- ✓ reputation and image
- ✓ customer base
- ✓ market share
- ✓ profitability

Statistics show that business interruptions do occur, more frequently than the average business owner would expect. There is also a direct positive correlation between preparedness to deal with a disaster and surviving an actual disaster.



Strathclyde
Emergencies
Coordination
Group has
produced a
guide to
[Business
Continuity
Planning](#)
including a 10
minute
checklist

As such, business continuity planning is not something to be taken lightly, especially for small businesses and requires a structured, methodical and comprehensive approach. No matter what your tourism business is, it is essentially an integration of many separate business processes. Within each business process, there are a number of critical dependencies, which can include: human resources, logistics, information technology, key activities, and dependencies beyond the boundaries of your business.

You must be aware, therefore, of the fact that unexpected events can occur at any given time which will, at some level, interrupt these processes. These events do not have to be large-scale, such as a fire or major flooding, and do not necessarily have to cause extensive physical damage to your business to cause some form of interruption. For example, if your IT system suffers attack from a serious virus, interruption to your business can include the unavailability and loss of information.

“ *risk to your business* ”

An unexpected event interrupting business operations can also be considered a risk to your business. However, no business continuity management will ever be able to cover all business areas and all risks. The aim here is to cover the business risks that are key and essential to your business' success. Hence, it is important that risk management decisions are not taken lightly but rather, on an informed basis.

This holistic view of business continuity management differs from what many managers traditionally term "disaster recovery planning" which has been closely, if not solely, associated with information technology.^[2] However, it should be reiterated that there is a difference between disaster recovery management and business continuity management. The latter handles both major disasters and routine interruptions, whilst the former mainly considers major disasters.

The primary output from the business continuity management process is a business continuity plan (BCP).

Essentially, business continuity management is about:

- ✓ hedging a business against risks of operational interruptions;
- ✓ forming a business continuity strategy from this that meets the business objectives; and
- ✓ implementing this strategy.

“Just because the river is quiet does not mean the crocodiles have left.”
Malay proverb

[1] Hiles, A, *The Definitive Handbook of Business Continuity Management*, 2007.

[2] Australian National Audit Office, *Business Continuity Management: Keeping the wheels in motion*, 2000.

2. Consequences of Unexpected Events

Physical damage is often the immediate consequence/impact of an unexpected event. However, in terms of business continuity, this is not always the most important concern as having the appropriate insurance will take care of this. What is critical to your business however, is the impact the event has on your operations and the aim here is to overcome to resume to normal business as quickly as possible.

To further understand the different consequences/impact of unexpected events, it is perhaps best to categorise them into three groups, that is, direct, indirect and long-term.

Direct impact

Traditionally, disaster recovery planning has been solely based on the replacement or switching to alternate IT infrastructure.^[1] However, given the nature of most small businesses, it is probably not very practical and cost efficient to duplicate all resources after a disaster and business operations will have to be organised with only limited infrastructure available. This is one of the greatest challenges of business continuity management.

Loss of information is also a major problem and is often a direct impact of unexpected events. Typically, you will have to restart from the last available backup, which ideally, is done on a daily basis.

Keep in mind that any data such as transactions that were entered since the backup but before the disaster will not be on the system. This often causes a great deal of confusion and if not sorted out properly can become very time consuming.

To further complicate matters, you also have to consider the synchronisation of the data restored from different backups taken at different times. For example, some IT system are set up back up various business data at different times, that is, bookings, accounts receivable, inventory etc. are backed up separately.

In addition to the time mismatch, the business events associated with the lost transactions will have been executed. For instance:^[2]

- ✓ Invoices will have been sent out
- ✓ Bookings will have been received
- ✓ Sales will have been made
- ✓ Payments will have been made

“Better to have the business continuity plan and not need it, than to need the plan and not have it.”
Anon

Therefore, when analysing the impact of information loss, it is crucial that you consider how that lost information can be retrieved. Some of the things you may want to consider include:^[3]

- ✓ Would you be able to reconstitute all missing information on your own or will you have to ask your customers, suppliers, and banks etc for assistance?
- ✓ How much time and effort will be required to retrieve this lost information?
- ✓ How will this loss of information affect your reputation?
- ✓ Can you continue your business without having complete information?
- ✓ How can you integrate the retrieved information in your IT system, without re-executing the associated business events?
- ✓ Can you guarantee the integrity and completeness of the retrieval process?

Indirect impact

Each business process consists of a chain of activities that are executed typically by different areas of your business. As such, any unexpected event can interrupt a business activity and/or interrupt an information flow supporting a business process. If the event is severe enough that the business activity or several activities can no longer be executed, the impact could stretch out towards the entire business process. This impact can easily ripple through your business and the end result can be detrimental. Although you may not think it, a relatively small event has the potential to bring your whole business to a standstill. This is especially true if your business consists of many activities and business processes that depend heavily on each other.

Long-term impact

Even with careful planning and taking out all the necessary precautions, many disasters often leave some form of long-term impact on a business. However, the difference between a mediocre business continuity plan and a great one is whether your business will make it through the long-term impacts or if it becomes too much and your business has to be closed. Some of the long-term impacts you should be aware of can include:^[4]

- ✓ Loss of customers
- ✓ Weakened financial position such as reduced cash flow etc
- ✓ Decrease in market share
- ✓ Loss of investor confidence
- ✓ Increased liabilities
- ✓ Negative public image

[1] Hiles, A, *The Definitive Handbook of Business Continuity Management*, 2007.

[2] Ibid.

[3] Ibid.

[4] Ibid.

Forfás has published a guide to [Business Continuity Planning in severe weather](#)



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BT-BCM-C9-0913-4