



BUSINESS CONTINUITY PLAN

LOSS CONTROL BULLETIN

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What would you do if your business encountered an interruption event today? If you're not sure, that's what a written Business Continuity Plan (BCP) is for. A business interruption event can be natural or man-made and these loss exposures can strike anywhere, at any time.

Statistics from the Small Business Administration indicate that an estimated 25 percent of businesses do not reopen after a major disaster. That's a lot of livelihoods lost.

There are many reasons why a business might be unable to reopen after a business interruption event and one of the most common is the failure to have a written BCP in place.

A BCP provides immediate plan to follow in the event of an emergency or disaster. The BCP should provide the framework for getting the business back up and running as quickly and efficiently as possible after the event.

A business interruption event can result from internal or external forces such as:

- Fire or explosion
- Flood
- Tornado
- Blizzard
- Earthquake
- Utility outage

- Civil disturbance
- Terrorist attack
- Hazardous material spill
- Loss of key personnel
- Equipment breakdown
- Supply-line breakdown
- Technology breakdown (computer system breakdown or cyber-crime)

Some of these events might result in an interruption that lasts just a few hours. But some can last days or more. Your BCP should cover both eventualities.

Most businesses can recover from a short-term interruption, but even that can have a substantial impact. The effect can be wide-reaching — it's not just the business owners and employees who are affected. Customers, suppliers, and even the local economy can be at risk.

If the business is closed for an extended period of time, valuable employees may need to seek other employment, causing an immeasurable loss of experience and knowledge that might be very hard to replace. Customers may also take their business elsewhere and not come back.

KEY ELEMENTS WITHIN A BCP

The first step is to determine what types of events could cause a business interruption for your organization.

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The next steps would be to determine how the business would respond to each of those events.

1. If your building was partially damaged by a fire or other emergency, could the business remain open in the same location on a limited basis or are there other locations in your area where the business could open on a temporary basis until the existing location was rehabbed. Evaluate alternate locations on a regular basis so that in the event of an emergency the business can respond quickly and limit the duration of a potential shutdown.
2. Can some business operations function successfully from an alternate location (i.e. a home office or another building site)? Could paper-ordering processes be implemented in the event of an electronic workflow interruption? Can portable devices such as laptop computers, tablets, or smartphones be used at remote locations to maintain daily business operations?
3. If the business has a total loss, have alternative locations been identified to continue operations? Options may include looking in nearby towns for available facilities that meet your business needs.
4. Research the possibility of developing written agreements with other businesses that may provide space or equipment to maintain your operations. Some businesses may enter into partnerships or reciprocal agreements to help each other in the event of an emergency.
5. Determine what resources would be necessary to keep the business in operation. Machinery, computer equipment, office equipment, raw materials, etc. What are the critical items needed to keep the business running? Determine what resources would be needed immediately, the first week, the first month.
6. If the business has specialized equipment or equipment manufactured overseas, what is the availability of replacement parts or a new piece of equipment? If a piece of equipment breaks down and it may take months to get a replacement part, is there alternative equipment available domestically that could be used on a short-term basis for production operations?
7. What happens if the supply or distribution chain breaks down? Are there arrangements with current suppliers to help locate additional material that would keep your business running? Is there adequate inventory of raw materials and finished goods to sustain the business during a short-term breakdown of your supply chain? Have alternative suppliers or distributors been identified that could provide materials to keep the business operating in the event present suppliers or distributors go out of business or are no longer able to provide service?
8. Computer records should be backed up on a regular basis and these copies should be maintained at an off-site location. How easily or quickly could a week's worth of computer records be re-created? Is there a way to backup hard copy records or keep them safe at an alternate location?
9. Develop a list of key business contacts: employees, customers, suppliers, business affiliates (creditors, banks, insurance agent, etc.), local emergency responders, and utility companies. Keep a copy of this list on-site as well as an off-site location.

FINALIZE YOUR PLAN

The final steps would be to:

1. Implement the BCP and train all key personnel on the BCP so that in the event of an emergency, they will be able to react quickly and follow the BCP.

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2. Regularly review the plan to ensure it meets current needs and look for areas that could use improvement.
3. After an event, maintain communication with all those that could be affected by your business interruption. This includes employees, suppliers, customers, etc. Let them know you have a BCP and that the business is working to get operations up and running as soon as possible.

ADDITIONAL RESOURCES:

- American Red Cross: www.redcross.org
- Federal Emergency Management Agency (FEMA): www.fema.gov
- Disaster Assistance Improvement Program (DAIP): www.disasterassistance.gov
- U.S. Small Business Administration: www.sba.gov

PREVENTION IS EVERYONE'S BUSINESS. TRUST IN TOMORROW.® CONTACT YOUR AGENT TODAY TO LEARN ABOUT OUR LOSS PREVENTION PROGRAMS.

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