



Creating Resilient Businesses

Business Continuity Planning Workshop

DYKON Developments (Caribbean)
Limited

May 2018

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Workshop

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Business Continuity: Background and Objective

Background

The Caribbean region is susceptible to natural disasters on a yearly basis with major disaster resulting from the passage of hurricanes during the Atlantic Hurricane Season which runs from June to November. In addition to the flooding, loss of property and life brought on by hurricanes, the region is vulnerable to earthquakes given its geographical positioning, volcanic eruptions and man-made disasters.

The economies of the Caribbean nations are dependent on agriculture and tourism. The social and economic impacts of the disaster in the region have increased significantly, especially after the widespread destruction experienced throughout the Leeward islands in the 2017 Hurricane Season. These instances show that there is a need to increase the proactive nature of the society to ensure continuity of business and operations in the aftermath of disasters.

The Sendai Framework for Disaster Risk Reduction 2015-2030, which was adopted during the Third United Nations World Conference on DRR in March 2015, outlines seven clear targets, with four priorities for action. These are geared towards the prevention of new and the reduction of existing disaster risks. (i) understanding disaster risk; (ii) strengthening disaster risk governance to manage disaster risk; (iii) investing in disaster risk reduction for resilience; (iv) enhancing disaster preparedness for effective response and to “Build Back Better” in recovery rehabilitation and reconstruction.

While voluntary, this 15-year agreement aims to reduce global disaster mortality, reduce direct disaster economic loss by 2030, and highlighted for this workshop, increase the number of countries with national and local disaster risk reduction strategies by 2020, including the four additional global targets.

The Sendai Framework for DRR was adopted by governments, however, it requires action from the private sector and communities as well to achieve the targets. Since being adopted, National Disaster Management agencies have been working to alert and aid communities in preparing in the event of imminent disaster. For the private sector, having business continuity management and plans in place is essential to the recovery process of not only the organisation but also the national economy. Therefore, it is imperative that organisations, regardless of size, craft business continuity plans in the event that the country is affected by a disaster, crisis of contingency that disrupts its operations. Even in the event that the organisation is immune to disaster risk, this does not exempt it from the responsibility of being prepared.

Objective

In keeping with the global target to ‘increase the number of countries with national and local disaster risk reduction strategies by 2020, the aim of the workshop is to (i) raise awareness about the need to adopt a methodology or guidelines for effective risk management in an organisation’s business model; (ii) provide a strategy for the development of a business continuity plan for the operations of the organisation in case of disasters and (iii) provide practical knowledge to allow organisations to apply the rules and standards for continuity of operations.

Definitions

Term	Definition
<i>Business Continuity</i>	is [the] proactive planning process that ensures critical services or products [to be] delivered during a disruption. <ul style="list-style-type: none">- Public Safety Canada
<i>Business Resilience</i>	The ability of a business or organisation to recover from setbacks, adapt well to change, and keep going in the face of adversity. <ul style="list-style-type: none">- Harvard Business Review
<i>Disaster Risk Reduction</i>	the concept and practice of reducing disaster risks through systematic efforts to analyze and reduce the causal factors of disasters. Reducing exposure to hazards, lessening the vulnerability of people and property, wise management of land and the environment, and improving preparedness and early warning for adverse events are all examples of disaster risk reduction. <ul style="list-style-type: none">- UNISDR
<i>Recovery Planning</i>	decisions and actions taken after a disaster with a view to restoring or improving the pre-disaster living conditions of the stricken community, while encouraging and facilitating necessary adjustments to reduce disaster risk. <ul style="list-style-type: none">- ISDR

General Guidelines

This section provides a general overview of each of the nine methodological aspects that are required for the creation and development of a business continuity plan:

1. Empowerment and Governance of continuity of business and operations

In many instances Top Management can be aware of the importance for the continuity of business and operations in the event of a disaster. However, many times nothing is done or the initiatives for creating and implementing these initiatives are very poor.

Attaining the appropriate empowerment is one of first objectives to establish the management of the business continuity plan process. This is dependent on the level of hierarchy in the organisation.

2. Identify priority and urgent activities to recover

The identification of priority activities establishes the extent of preparation in the event of a disaster or other disruptive incident occurring. In doing this, the identification also allows for determining the order and recovery time of the activities and the dependence (if any) between them; the necessary minimal resources required; and provides the basis for cost effective, strategic continuity.

3. Protect the most urgent activities

The most urgent activities for business continuity should be guaranteed with the identification of options of post disruptive incident strategies and preventative options in the event of a disruption. This includes evaluating the existing security and protection measures of the operation of activities in the organisation and identifying whether improvement or new measures are required.

4. Establish strategies for continuity and recovery of the activities

Strategic options can be either preventative or reactive. Preventative options can be identified using a risk analysis, while reactive options are identified from the prioritization of services and activities. These should take into account the necessary minimal resources identified, while considering the cost of the implementation of the strategies.

5. Document the plans of action to apply at the time of the event

The plans of action in the event of a disruptive event should be documented in an easy to read aide-memoire that should be consulted and used during the disruption.

6. Train for and test the plans of action

Training is necessary for the plans of action to go further than simply being on paper. The success of the plan is dependent on how well the organisation has been trained for and has internalized the plan.

7. Raise awareness and competencies in the organisation

It is necessary to introduce the topic of continuity in the organisation as it may require justifying to those who will be responsible for undertaking the recovery activities in the event of a disaster, where there is no awareness of the need for continuity of business and operations. In organisations where there is awareness or implemented plans, reminders to personnel of preparedness will be required.

The creation of competencies varies from awareness in that it is required to create knowledge and provide experience in different areas of continuity.

8. Maintain continuity of business and operations

Given the changing nature of organisations as it relates to the services provided, responsibilities, change in staff and other organizational changes, it is important that the business continuity plan does not become outdated despite the changes.

9. Indicator of maturity and strategic planning for continuity of business and operations

Indicators are required to measure progress in the organisation. The business continuity plan requires indicators to ascertain the maturity and whether the plan is improving or not. A successful business continuity plan is measured not only by generated plans but also other factors that indicate whether the plan is on the right track.

General information on the training content

Target Group

The passage and destruction of Hurricane Ivan in 2004 has given rise to the importance of business continuity in the Caribbean in the early 2000s. This training workshop is intended for MSMEs in the Caribbean. Business development, research and development officers, principal owners and management comprise the target audience for this workshop. As the training methodology requires active participation and interaction, the session should not exceed 25 participants.

Purpose of the Workshop

The workshop is designed to provide solid knowledge on disaster risk reduction and impress the importance of having a business continuity plan as part of the core operations of the organisation. To this end, the outcome of the workshop is for the participants to develop business continuity plans using the guidelines.

Content of the Workshop

The content of the workshop is based on the general guidelines of the nine methodological phases that have been adapted for organisations predominantly in the tourism and agricultural sectors of Dominica. It is also applicable to organisations in both manufacturing and service industries.

The Workshop comprises:

- An opening session
- A theoretical introductory session, which goes into detail on the nine methodological phases of developing a business continuity plan.
- A practical session, which allows the participants to apply the theoretical principles to their organisation in the development of a business continuity plan.
- A concluding session accompanied by an evaluation of the training session by the participants.
- A follow-up evaluation on the business continuity plans and the ability of the participant organisations to determine their preparedness in the event of a disaster or disruption.

Module One

Defining the Business Continuity Objective and establishing roles, and responsibilities

Objectives

- ✓ How to estimate what would be the Minimum Business Continuity Objectives
- ✓ Identify key personnel and define roles and responsibilities

Activity 1 – Determining the Minimum Business Continuity Objective

The Minimum Business Continuity Objective (MBCO) refers to the minimum level of services/products that is acceptable to the organisation in order to achieve its business objectives in the event of a disaster.

DESCRIPTION

- What is the business objective of the organisation?
- What is the least number of services/products that the organisation can deliver in the event of a disaster that would ensure that the business objective is met.

EXAMPLE	
Business	MBCO
IT	Ensure IT systems can support operations
Energy	Ability to communicate with the major stakeholders. Provide essential Operational and HSE support for critical jobs/projects.
Tourism	

Activity 2 – Define Roles and Responsibilities for Business Continuity

The continuity plan should be a consequence of an existing permanent process in the organisation that refers to Business and Operations Continuity Management. The appropriate empowerment is dependent on the levels of hierarchy in the organisation.

Once the key personnel have been identified to be involved in the activities that are necessary for business continuity, roles and responsibilities need to be assigned.

DESCRIPTION

- Create an organizational chart to determine the different levels of hierarchy that exists in the organisation. *This would help identify the participants whose responsibility it falls on to empower the organisation to have a BCP in place.*
- Identify the key participants who are required to perform particular functions that would lead to the resumption of business or the continuity of key services.

SUGGESTION

Consider the following participants:

- Board of Directors
- Manager/Leader of Communications or Public Relations
- Manager/Leader of Operations and/or Human Resources
- Manager/Leader of Information Technology

- Identify gaps in the organisation that need to be created or filled to allow for participation in the BCP. *This may require roles to be assigned to existing members in the organisation with the requisite responsibility.*
- Identify the responsibilities that are required for the business plan. *Identifying the responsibilities will allow for a better selection of roles within the organisation that would be capable of carrying out the duty*

SUGGESTION

Consider the following responsibilities

- Overall responsibility for the BCP.
- Implementing business and operations continuity in the organisation.
- Reporting on the progress of the BCP to Management or the equivalent authority.
- Maintaining the scope and responsibility of individual operations.
- Provide expert knowledge on recovery priorities and needs.
- Responds to the disruption/incident, applying the strategies identified in the planning stage.

- Define the roles of personnel in the organisation who would be best suited to carry out these responsibilities. *Roles and assigned responsibilities can overlap depending on the severity of the responsibility to the overall continuity of operations in the organisation.*

Module Two

Identification of priority and urgent activities to be recovered in case a major event occurs that disrupts operations

Objectives

- ✓ Determine which activities are priority
- ✓ Identify the departments to carry out activities
- ✓ How to determine Maximum Tolerable Period of Disruption
- ✓ How to estimate the Recovery Time Objective

Activity 1 – Establish the scope of business and operations continuity.

It is important to determine what services/activities provided by the organisation are the most important to recover in the event of a disaster to ensure continuity. This will determine the extent of preparation that is required.

DESCRIPTION

- Identify the services/activities provided by the organisation.
- Identify which of the services/activities provided by the organisation that would be required by customers in the event of a nationwide disaster. *You should also consider what services/activities that you can and/or should continue to provide to your customers should a disaster occur on the site of the business itself.*
- Prioritise the services/activities that you have identified. *Which service/activity is the most important and should be restored first?*
- For each service/activity identified, which department in your organisation would be responsible for recovering/ensuring that the service continues?
- In each department, which individual or team should be deployed to ensure the service is up and running?
- For each department, identify the economic and financial resources that would need to be considered for the activity to be carried out.

ILLUSTRATION

Priority	Service/Activity	Department	Responsibility
1			
2			
3			

Activity 2 – Determining the Maximum Tolerable Period of Disruption (MTPD)

In determining the MTPD, it is necessary to establish non-tolerance thresholds for the organisation. The non-tolerance thresholds refer to outcomes that are not desirable by top management in the categories of economic, customers/users affected, legal, environmental and safety of people.

DESCRIPTION

- For each service/activity identified, how long will it take for the non-tolerable threshold to be reached. *The possible answers can vary as: not apply, hours, days, weeks or month.*
- What is the most stressful scenario for each service/activity? *Identifying the most stressful scenario, aids in determining whether direct impact to an organisation is the only prerequisite for the BCP to come into effect. It also determines whether an impact is seasonal i.e. there is a greater impact at a particular day, week or month.*

ILLUSTRATION

Service/Activity			How long does it take to reach non-tolerable thresholds?				
Description	Critical Seasonality	Most stressful scenario	Economic	Customer User	Legal	Environmental	Security of people
Service 1							
Activity 1							

Activity 3 – Estimating the Recovery Time Objective

The Recovery Time Objective (RTO), can be estimated once the MTPD has been defined. The RTO is a figure between zero and the MTPD. Estimating the RTO can be expensive if it is closer to zero and extremely risky the closer it is to the MTPD.

From the RTO, it is possible to determine which activities are the most urgent and allows the organisation to put in place preventative as well as post disaster strategies.

DESCRIPTION

- For each service/activity, identify the estimated recovery time objective. *The RTO must be a time before the MTPD.*
To arrive at an estimation the most stressful scenario should be considered and a test run to determine how long would it take to recover the service/activity and at what stage/estimation can the minimum delivery be recovered.
- Using the RTO for each service/activity, define which are the more urgent activities. *This may expand to include the internal offices that are critical to these activities.*
- Identify global, continental, regional, national, local and internal threats that could cause an interruption of resources that are required for the urgent activities. *The supply chain is necessary as disruptions at various levels will affect the delivery of activities that have been identified as urgent.*

Module Three

Determining the levels of risk to priority and urgent activities and establishing strategies for continuity and recovery of the activities.

Objectives

- ✓ Conduct a risk analysis
- ✓ Identify preventative strategic options
- ✓ Identify reactive strategic options

Activity 1 – Conducting a risk analysis for risk events

A risk analysis helps to identify new options of prevention or means of improving existing measures in the case of a risk event. The most recommended method of a risk analysis is proposed in ISO 31000.

DESCRIPTION

- Identify risk events and the threat that they can create due to the absence of necessary resources.

EXAMPLES

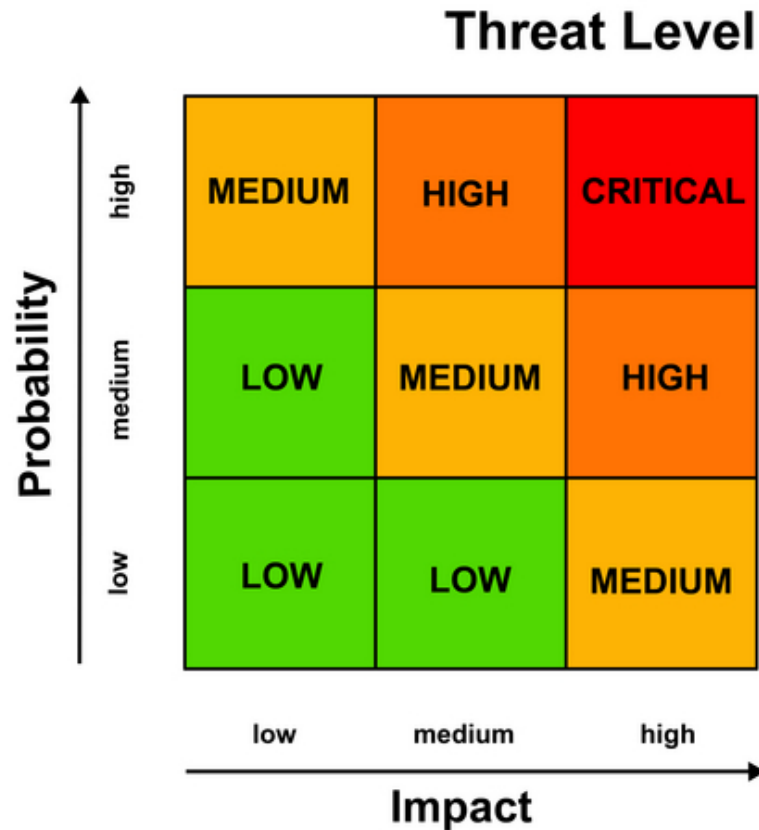
Risk events to be considered in continuity would be:

- Impact on personnel due to an earthquake
- Impact on the building due to an earthquake
- Impact on suppliers facing a pandemic

- For each identified risk event, define a risk matrix with scales of probability, and impact to determine what is the level of unwanted risk.

EXAMPLE

Risk Matrix 3 x 3



- Estimate the probability of occurrence of the risk event and its impact. *This requires consulting with experts/department heads in the organisation who can identify the threats and the effectiveness of controls in place.*

Activity 2 – Establish strategies for continuity and recovery of the activities

There are two types of strategic options. Preventative and Reactive. Preventative options would have been identified using the risk analysis made for the risk events.

The reactive options are identified from prioritizing of services/activities using the MTPD and RTO. This would also take into consideration the necessary minimal resources identified to continue the service/activity.

DESCRIPTION

- Identify preventative strategic options using the risk analysis matrix to strengthen the operations of the organisation.
- Identify and detail reactive strategic options using the MTPD and RTO. *The cost of implementing the strategic option in the event of a disaster should be taken into consideration. This is made important due to loss of business following a disaster. This would lead to an adjustment of the RTO when technical feasibility or high costs are measured.*

EXAMPLES

Recovery options

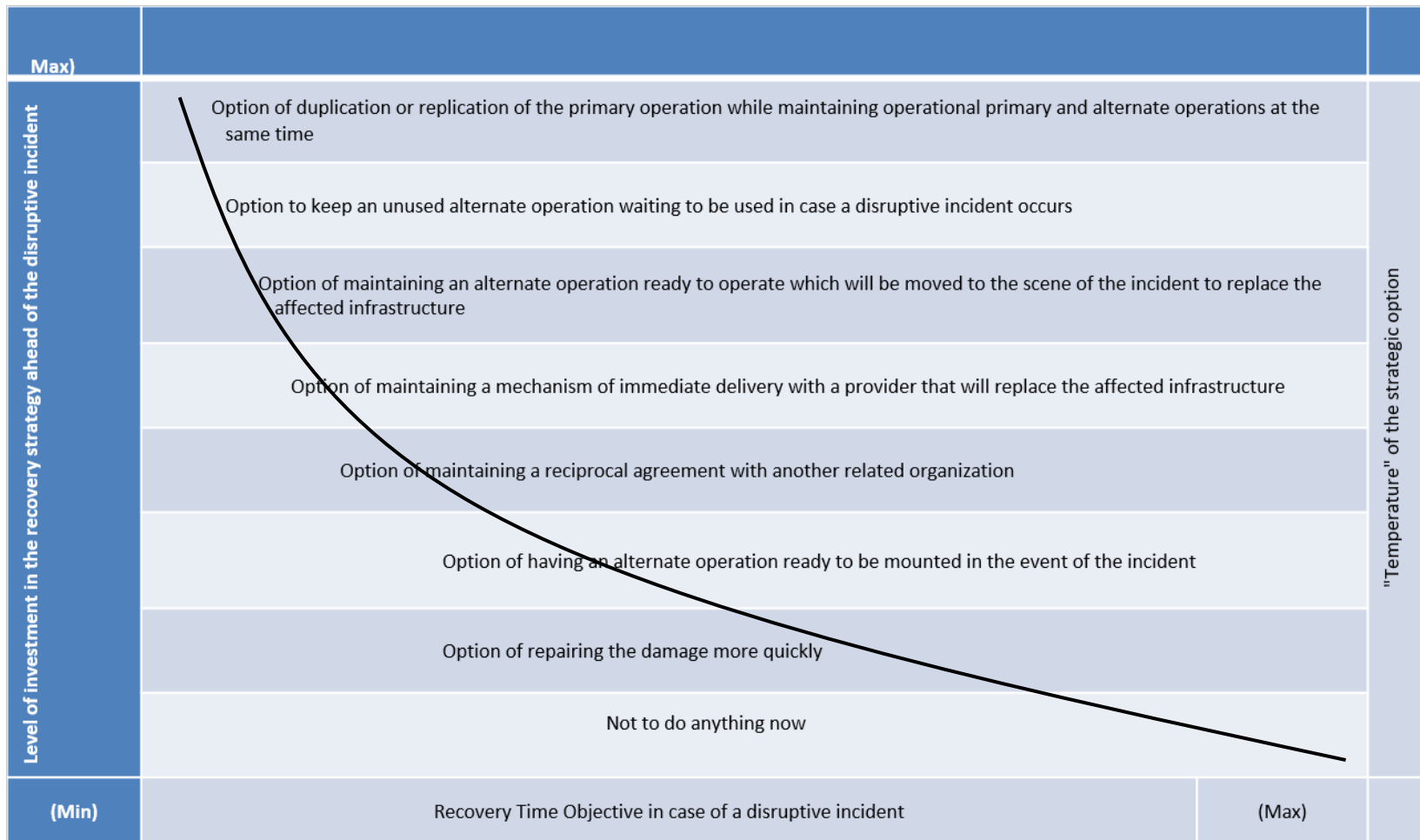
Affected	Strategic Option
Physical infrastructure	Use training hall, hotel, warehouse
Suppliers	Identify more than one supplier
Regulator/public authority	Establish channel beforehand
Equipment	Assemble mock-ups, identify non-essential equipment, maintain old for spare parts
Materials/Consumables	Create small inventories in strategic places, establish agreements or reciprocal agreements with similar organisations.

- Conduct a cost benefit analysis for continuity strategy options. The continuity and recovery options should be applied at the level of the resources involved in the disruption of the service/activity.

Handout Three

Impact \ Probability	Very Low	Low	Medium	High	Very High
Very High	Yellow	Orange	Orange	Red	Red
High	Yellow	Yellow	Orange	Orange	Red
Medium	Green	Yellow	Yellow	Orange	Orange
Low	Green	Green	Yellow	Yellow	Orange
Very Low	Green	Green	Green	Yellow	Yellow

Handout Four



Appendix One

Structure of Business Continuity Plan

Objectives and Extent

Recovery Priorities by MTPDs and RTOs

Team for response, continuity, or recovery

Team Activities by Role

Strategy to use at personnel level

Strategy to use at physical infrastructure level

Strategy to use at the level of materials, consumable, other necessary resources

Recovery strategy for each type of resource

Annexes – contact data, location blueprints, templates at time of disruption