



## Business Continuity Plan: How to Prepare for Business Interruptions

A business continuity plan (BCP) can help set your business on the right path to recovering from an unexpected interruption of your normal operations. You can't control weather-related disasters – hurricanes, blackouts, floods, or ice storms – that can cause a loss of power, facilities, and access to technology. Nor can you predict how impactful flu season will be on the availability of your personnel. However, you can put a plan in place – documented steps to follow – should instances such as these occur, and these could be a key to the long-term survival of your business.

### What is a business continuity plan?

A BCP involves identifying potential disastrous events that might affect your company and assembling a list of procedures that detail how to respond to and recover from these specific threats. Though business continuity plans appear complex and time-consuming, even a basic set of policies and

procedures can be useful. Both large and small companies can be impacted by business interruptions, but smaller companies might not have acquired the necessary financial resources to quickly recover after a period of downtime.

### Risk assessment

Business continuity management often begins with risk identification and assessment. No region or business is immune to a natural or man-made disaster. For instance, companies located away from earthquake zones or common hurricane paths might still have to deal with the electricity being down. To narrow down your greatest risks, you can start by reviewing past insurance claims and tracking any events that cause even a minor disruption to operations. Examine your list of vendors and your supply chain to determine if external factors could lead to a serious business interruption. Ultimately, a risk assessment should identify the threats that exist to your business and the likelihood for those threats to occur.

## Develop an internal & external communications plan

In the face of a weather-related disaster, where your business might have been damaged, think about your employees and others you do business with such as vendors. They, too, might have suffered damage to or loss of their property – homes, vehicles, etc.

Consider including an action item in your business continuity plan that includes reaching out to them and check in on them. Provide employees with updates on where the business stands, whether employees should report to work, and the steps that you are taking to protect employees' safety. You should also let your vendors know how you're doing and of any interruptions in service or delivery.

## Data backup & accessibility

Data backup and recovery is a vital component of business continuity planning. Companies must safeguard confidential information at all costs and develop procedures to quickly recover data if a natural disaster such as a fire or hurricane occurs. Data access from alternative locations is crucial and can be accomplished by working through cloud-based applications. Depending on whether your in-office technology is accessible, business processes must continue and employees will need to be paid. Including vendors and business partners in your continuity plans can help. For example, working with a payroll processing company that has the proven resources to function properly can help ensure your staff receives their compensation, no matter how severe the disaster. Experienced payroll companies have managed their way through natural disasters and built an infrastructure to deal with a variety of scenarios.

## Business process or unit relocation

Business relocation should be considered well in advance of any event necessitating a move. Offsite storage is one way to diversify your risk, especially



when the second site is in an area not prone to the same weather events. For example, a construction company working in a beach town may want to store equipment far enough inland to avoid damage to equipment caused by flooding. Reciprocal agreements may also be put in place with other small businesses with office space.

## Employee action plan

Employees should be informed of their roles and given the opportunity to practice business continuity procedures. It is wise to document the intended methods of communication with workers in the event of an emergency — via text message, phone, or email. Written instructions included in a small business continuity plan should categorize additional job responsibilities. If advance warning is issued, an emergency preparedness checklist can be distributed and followed to safeguard your office as much as possible. The policies and procedures can help guide employees until conditions return to a business-as-usual environment.

In a 2020 poll conducted for Paychex<sup>1</sup>, 60 percent of those surveyed said their business has developed an employee communications plan that would communicate effectively any changes in work due to COVID-19 (coronavirus).

To assist workers, companies may wish to establish a space for employees who need to work through an event but require assistance with childcare. Monique Jennings, Paychex HR generalist, points to a business continuity plan that other small business owners may consider implementing. One of her clients came up with an employee-friendly solution to assure the continuity of operations.

The company is located in an area prone to ice storms, which can bring entire communities to a standstill. To assist employees, a safe/family room was set up in the office, and is stocked with food, bottled water, electric blankets, games, electronics, extra power cords, and cordless battery chargers. This simple plan allows the business to remain operational and provide a safe place for employees and their families when the power is out and schools are closed.



## Cash flow effects

Even if a business stays relatively intact, a drag in consumer spending after a disaster or an infectious disease outbreak can affect cash flow. In a 2020 survey conducted for Paychex, 75 percent indicated they had enough cash and credit resources to survive interruptions due to a pandemic-related business slowdown or shutdown.

Employers must also review their obligations under federal, state, and local laws related to paying workers during periods of shut down. However, even if not required by law, employers may want to consider finding a way to pay your employees some wages, as it could help them and your company in the long run.

## Customer updates

EAs a small-business owner, taking the initiative to update customers on a continuity plan demonstrates a proactive and committed approach. Customer loss can have a lasting effect on any organization that has inadequately prepared for lengthy business disruptions. To maintain customer relationships through a crisis, you can communicate with clients in a variety of ways — by updating website information, using social platforms, or by phone. Providing alternate methods of communication before a business interruption encourages customers to reach your business in case of an emergency.

Business continuity planning is crucial because any extended work stoppage can result in significant financial losses. A BCP, even if never used, can offer peace of mind, and encourages the business to assess the impact of potential crisis situations. Once a plan is in place, test and review the strategies periodically to ensure your business is equipped to handle any negative event that could affect your operations.

<sup>1</sup>Paychex polled 300 randomly selected business owners with 2 to 500 employees. The survey was fielded and administered online by Bredin, a third-party research firm, between Feb. 28-29, 2020. Results yielded a +/- 5.66% margin of error.

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