

## **Why small businesses should expect the unexpected**

*Businesses today are operating in a world of risk and uncertainty. Unplanned events can have a devastating effect on small businesses. Disasters such as fire, damage to stock, illness of key staff or IT system failure can all make it difficult or even impossible to carry out day to day activity. Such conferences and downtime can potentially lose you customers, and at worst, put you out of business. That is why effective Business Continuity planning is critical in ensuring the essential functions of your business can seamlessly continue, should such a catastrophe strike, as Chris Jones from PageOne explains.*

Every year nearly one in five businesses suffers a major disruption, which in turn has a negative impact on their bottom line, so planning to deal with these disruptions is widely regarded as good business sense. In the last year, Britain has suffered attempted terrorist attacks in both London and Glasgow, severe flooding and postal strikes, all of which have affected the smooth running of businesses across the UK. Whether you are a large corporate or an SME, the ability to respond swiftly and effectively to a major incident has never been more important. For small businesses, this is particularly crucial, as they may not have the resources to withstand even a few days without trading.

So, what exactly is a Business Continuity plan, and what constitutes a crisis? The main objective of the plan is to recover all business critical processes and minimise the impact for your employees, customers and your reputation. It is based on the principle that it is the key responsibility of an organisation's directors to ensure the continuation of its business operations at all times. And part of a director's corporate responsibility is to have a management process in place that identifies potential threats to an organisation and the impacts those threats might cause. A company's plan sets out clear roles and responsibilities for those assigned to liaise with customers, employees and the emergency services, and lists a series of contingencies that enable key business activities to continue in the most difficult of

circumstances. Crucially, it also details emergency procedures to ensure that the safety of employees is the ultimate priority. As a Business Continuity plan assesses all areas of a business, it is a very valuable managing tool.

Depending on the specific circumstances and nature of your business, there are various disruptions that may constitute a crisis. Natural disasters, IT system failure, loss or illness of staff, outbreak of disease or infection, fires, power cuts, terrorist attack, crises affecting suppliers, crises affecting customers and crises affecting your business reputation, could all affect your business. Though many of these may not sound relevant, or highly unlikely, the best and most reliable Business Continuity plans will look at every possible risk and every possible impact.

For small businesses, planning for crises is particularly important since they often lack the underpinning resources to cope easily in a disaster. The impact of potential risks are likely to be more destructive to SME's as the majority operate in specialised markets - any short term interruption to normal business can have a disproportionate effect – bringing output to a standstill and letting down customers. Furthermore, it becomes difficult to recognise the financial impact of business interruption, making it hard to recover even after returning to business-as-normal.

An example of an area where those smaller organisations may suffer is with remote working. While in the event of a disruption larger companies, who technically tend to be more geared up, can continue to work to a great extent remotely, the Chartered Management Institute's 2008 Business Continuity Management Survey revealed that smaller organisations remain in a weaker position to support remote working. The survey also highlighted, loss of IT as the most commonly experienced disruption. Loss of people continues to also be a major problem, and a high level of disruption occurs due to extreme weather incidents with 29% having been disrupted, up from 9% in 2006. The postal strikes in September – October 2007 was again most significantly felt among small organisations, where 24 % reported they had been considerably disrupted.



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Business success is as much about protection as it is growth. In an uncertain world, the ability to withstand serious incidents, prosper in changing conditions and be strong enough to survive should disaster strike, is critical. There is obviously also the commercial benefit to consider, as companies with a Business Continuity plan in place are often more attractive to work with. For example, a large business that relies on outsourced services would, more often than not, prefer to work with a supplier who has a Business continuity programme. With this in mind, the smaller your business the more important it is to have a contingency plan in place. Any incident, no matter what the scale, has the ability to negatively affect your profitability and business. The costing of implementing a plan does not have to be great - the price of not implementing a plan could be a lot greater. As part of the planning process you should identify the potential crises and determine how you intend to minimise the risks. Senior management should take the responsibility of developing a robust, fully-rehearsed and well-communicated plan. It is imperative for small businesses, and in fact all size businesses, to invest the time and energy in the short term to benefit your business in the long term. Sympathy and loyalty from customers will not last long. Expect the unexpected and be prepared – a business continuity plan is the safety net for your organisation.