Small Business Continuity Workshop

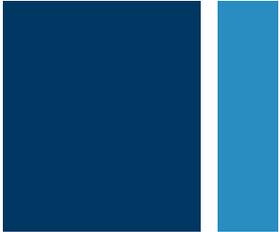*Region 3- Maryland*

August 20, 2015

Housekeeping

- Emergency Procedures

- Restrooms

- Distractions

Workshop Agenda

|	
9:00 AM	Introductions & Objectives
9:15 AM	Recent Maryland "Lessons Learned"
9:45 AM	15 Minute Break
10:00 AM	Business Impact Analysis (BIA)
12:00 PM	Business Continuity Plan & Working Lunch
1:30 PM	Resources
1:45 PM	Wrap-up

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Introductions

Please tell us...

- Your name

- Your business & industry

Table Discussion

- Any experience with business continuity? (please be brief)
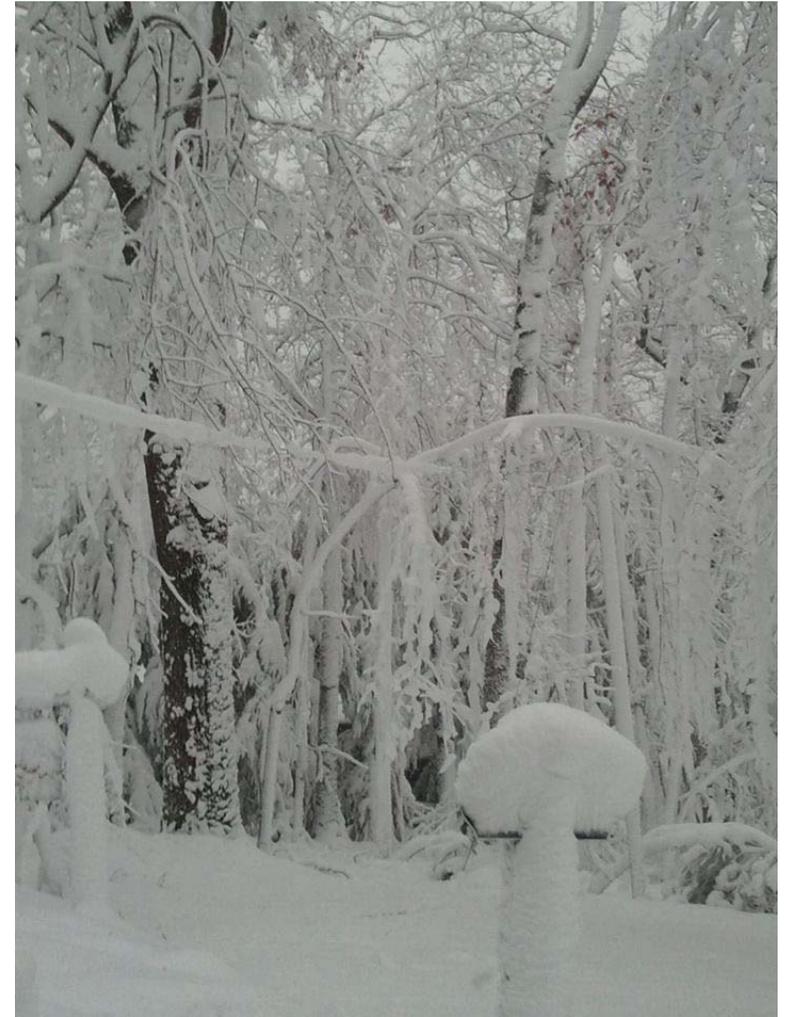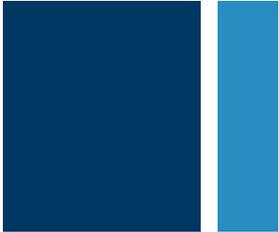
Objectives of the Workshop
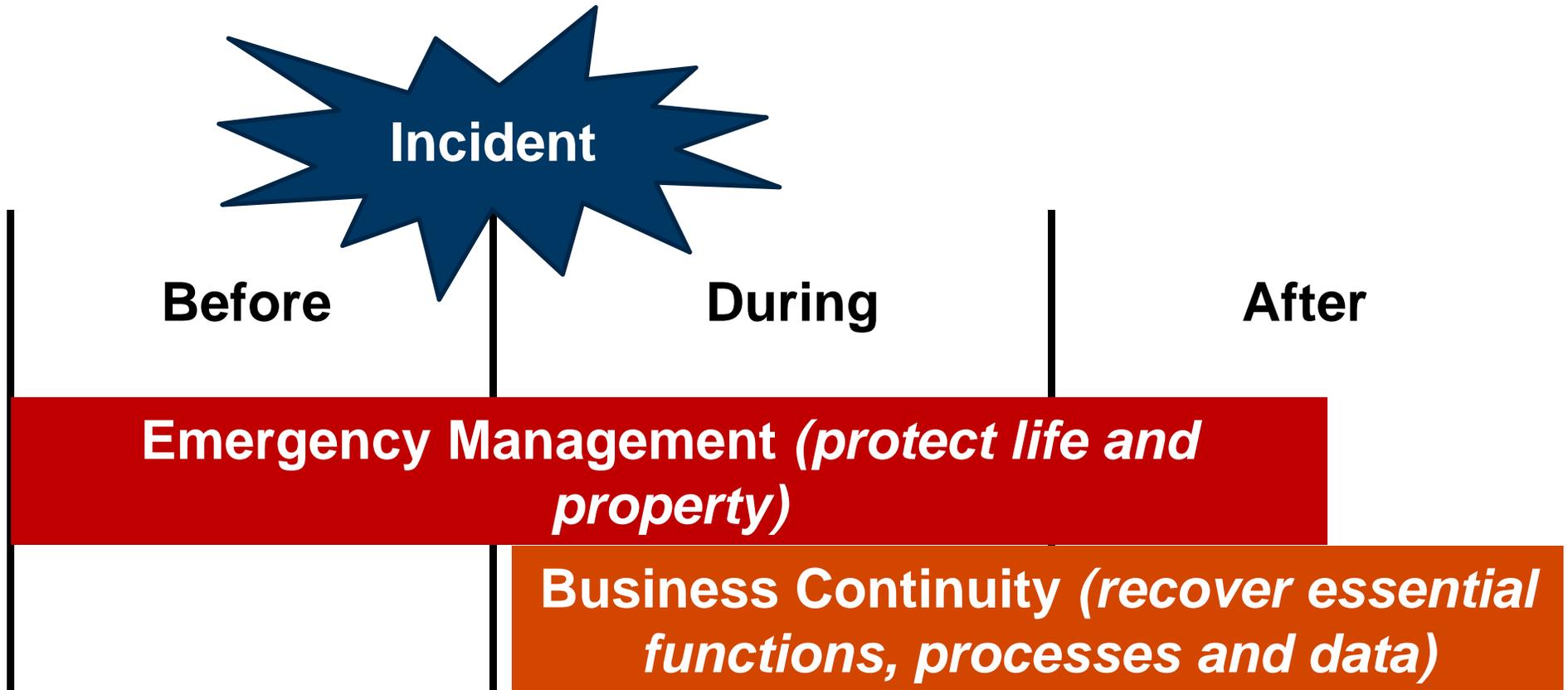
When you leave, you will...

- Understand the value of business continuity planning (BCP)

- First Business Continuity Plan draft completed

- Know where to get help and assistance, including a list of resources in Maryland

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What Is an Incident?

An unplanned,
event causing
damage or loss,
that disrupts
your business

Incident Timeline

Business Continuity Plan Objectives

- Ensure continuity and survival of your business
    - Resume critical business functions quickly
    - Minimize loss of customers
    - Maintains public image and reputation
    - Meet legal and regulatory requirements, if any
- Reduce exposure to loss
- Maintain control during any disruption
    - Pre-identify resumption procedures
    - Minimize loss of data

Recent Maryland Local Lessons Learned

Presenters: Mary Lasky, Johns Hopkins University Applied Physics Laboratory
                Al Banthem, Mars Supermarket
Moderated by: Chas Eby, MEMA

15 Minute Break

BUSINESS IMPACT ANALYSIS (BIA)

What is a Business Impact Analysis (BIA)?

- A process that:

  - Identifies critical business functions

  - Determines the impacts of a disruption

  - Establishes and prioritizes function resumption criticality

  - Identifies resources necessary for each critical business function:
    - Personnel
    - Equipment & Supplies
    - Technology- Servers, Software, Applications
    - Documents - hard copy & electronic
    - Dependent processes

Planning Assumptions

- Assumptions Used to Create the Plan:

  - An event has occurred that impacts your normal operations.

  - There is no access to the affected facility.

  - Everything in the facility is inaccessible.

 - Personnel are available to continue operations.

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General Functions

- Payroll Processing

- Other HR Functions

- Purchasing & Accounts Payable

- Accounts Receivable

- Marketing & Business Development

- Sales

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Business-Specific Functions

- Front Desk Services

- Food Service/Room Service

- Reservations/Appointment Scheduling

- Food Storage

- Laboratory Operations

- Account Management

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Criticality

- What is the impact of the loss of the function on your business?

  - High – Unable to operate without this function

  - Medium – Significant disruption to operations

  - Low – Inconvenient but minimal affect on operations

Additional Considerations Available within the Plan Template (page 9)

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Maximum Downtime

- Amount of Time Function Could Be Down Before Causing Irreparable Harm:

  - Less Than 24 Hours

  - 1 Day to 1 Week

  - 1 to 2 Weeks

  - 2 to 4 Weeks

  - 30 Days or Greater
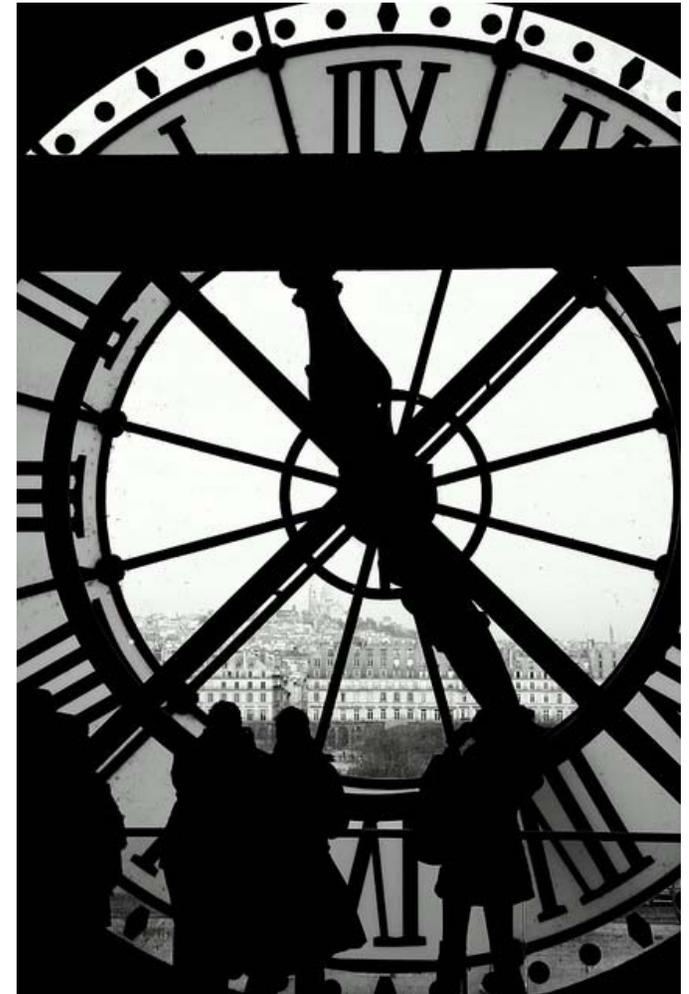
- List roles and/or teams who operate each function

- Identify specifics needed for function:

  o Special knowledge/training

  o Certifications

  o Licenses

  o Union position

- At least one alternate is highly recommended

Required Resources

- # Employees
  - Identify number of employees critical to function
- Equipment
  - Computers, printers, etc.
  - Special types of equipment necessary to operate the function
  - Include number of each type of equipment needed
- Supplies
  - Unique supplies required to operate the function
  - Include paper documents and forms here
  - Do not list everyday items easily purchased from a store

Required Resources

- Technology
  - Software & Applications, such as...
    - o Microsoft Office, QuickBooks, Point of Sale System, etc.
    - o Safety Data Sheet (SDs), Banking, Payroll, Alarm Service, FedEx, SharePoint
    - o Note if each is an external or desktop application
  - Documents – in electronic format
- Impacted Functions
  - List other critical business functions that rely on this function to be operational
    - o Example: Sales cannot happen without Purchasing

Function Process

- Write a brief, high-level description of how to complete the function:

  - What it does

  - What it takes to operate

  - Identify when specific documents or systems may be needed

COMMUNICATIONS

Communications

- **Process Used to Communicate with Employees**

  - Business Owner or Alternate Calls, Texts, Emails Everyone

  - Call Tree

  - Mass Notification

- **Include Contact Lists in the Plan**

  - Section 6: Employee

  - Section 7: Vendors, Suppliers

RISK ASSESSMENT

What is a Risk Assessment?

- **Definition:** "A process to identify potential hazards and risks and analyze what could happen if they occur."~ready.gov

- **Purpose:** Identify & rank hazards and risks that may affect the business in an effort to:

  - Protect the business from the hazard

  - Prevent the hazard from affecting the business

  - Mitigate the effects

  - Respond to the hazard, and

  - Recover more efficiently

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Types of Hazards

- <u>Natural or Acts of Nature</u>: Hurricanes, Winter Storms, Epidemics/Pandemics

- <u>Technological</u>: Utility Loss/Outage/Leak, Hazardous Chemical/Materials Release, Cyber Attack/Breach/Outage, Mechanical/Equipment Failures

- <u>Human-caused</u>: Active Assailant, Civil Disruption, Food & Water Contamination, Sexual Assault, Theft

- <u>Business</u>: Reputational Issues, Supply Chain Issues

Prioritize Hazards

	4	3	2	1
Probability	*Highly Likely-* Expected	*Likely-* Often	*Possible-* Seldom	*Unlikely-* Never
Magnitude	*Catastrophic-* (Disastrous impact) many deaths; complete physical destruction; devastating financial impact	*Critical-* (Severe impact) some injuries/ deaths; extensive physical damage; serious financial impact	*Limited-* (Modest impact) few casualties; minor building damage; moderate financial impact	*Negligible-* (Inconvenient impact) minor injuries; limited building damage; limited financial impact
Warning	Minimal/no notification	6-12 hours notification	3-6 hours notification	24+ hours notification
Duration	12+ hours business downtime	6 -12 hours business downtime	3-6 hours business downtime	<3 hours business downtime

Family Emergency Plan & Business Insurance Considerations

- Objective:

  - Employees and their families are safe

  - Employees are able to come back to work

- Section 8 - Information on Creating a Plan

- Encourage Employees to Put a Plan in Place at Home

- Each Household Should Have an Emergency Kit

Insurance Policies & Coverages

- Flood Coverage

  - NFIP flood insurance for building & contents ($500k each)

  - Flood coverage for business interruption only from commercial carriers

  - Damage classification is critical to coverage – wind, flood, storm surge

  - Check deductibles carefully for "regular" vs. "high risk" occurrences

- Business Interruption Coverage

  - Lost profits

  - Continuing expenses

- Electrical Service Interruption Coverage

  - Exclusion possible if power line damaged within certain distance

- Civil Authority Coverage

  - Business interruption losses from action of government that restricts access

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Insurance Considerations

- Contingent Business Interruption

  - Key suppliers or customers impacted by an incident

- Special Assets/Equipment

  - Replacing long lead-time assets, consider having spare or vendors ready to execute a purchase agreement

- Location Dependencies

  - When buying insurance, consider in your BCP how other locations can affect yours, or provide alternatives

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BUSINESS RESUMPTION STRATEGY DEVELOPMENT

Resumption Locations

- **Alternate Site**

  - Location Where the Business Can Operate Until the Original Space is Available or New Space is Acquired

  - Work from Home

- **Reciprocal Agreement**

  - Another Business Will Assist You if Needed and You Will Assist Them if Needed

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Resumption Strategy Options

- <u>Do Nothing</u>- Suspend Operation Until Fully Back Up and Running

- <u>Manual Workaround</u>- Complete the Procedure Using a Manual Process (e.g., Paper Forms, Calls vs. Online Orders)

- <u>Outsourced Third Party Service</u>- Your Services Will Be Outsourced to an External Party to Continue All or Certain Business Functions

- <u>Other Actions</u>- Resume Function Utilizing Other Actions Than Normally Performed

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Business Function Resumption

- Copy Functions and Required Resources from Critical Business Functions Table

- List Functions in Priority Order Based on:

  - Maximum Downtime

  - Criticality

  - Interdependencies

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- List Procedures/Steps to Ensure Resumption of the Function

- Examples:

  - Continue Process as Normal

  - XX Document Saved to Cloud Service Monthly/Weekly/Daily

  - Redirect Mail or Phone Calls

  - Use XX Paper Form

  - Discontinue Operation

  - Outsource to XYZ

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AWARENESS, TESTING AND MAINTENANCE
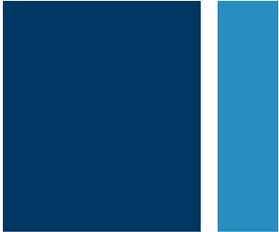
Training & Walk-Throughs

- **Bi-annual**
  - Hands-on review of manual workarounds

- **Annual**
  - Plan training with key employees
  - Scenario walk-through
    - o Brief discussion about specific kinds of likely events/incidents
    - o Make changes to plan based on feedback

Plan Maintenance

- **Scheduled**
  - Annually review and update the entire plan
  - Update employee and vendor contact list at least quarterly
- **Unscheduled**
  - Function, Process, Team Member Changes
  - New Equipment
  - Add/Remove a Service
  - Move/Open/Close Locations
  - Major Vendor or Third Party Changes
  - Change in Resumption Location

Local, State & Federal Resources & Assistance

MEMA Presenters: Kelly Devilbiss, State Public Assistance Officer
Jessica Nusbaum, State Individual Assistance Officer
Christina Fabac, Private Sector Liaison
Chas Eby, External Outreach Branch Manager
Elizabeth Webster, Adaptive Planning Branch Manager
James Tully, Training and Exercise Administrator

Damage Assessments and Financial Assistance

- Points of Contact: Kelly Devilbiss, State Public Assistance Officer and Jessica Nusbaum, State Individual Assistance Officer
- Declaration Process:
  - Disaster → Preliminary Damage Assessment → Governor's Request → FEMA Recommendation → Presidential Declaration → Declaration
- Provides Access to Funding:
  - PA: Government and Nonprofits
  - IA: Citizens
  - SBA: Businesses and Individuals

Maryland Emergency Management Agency
Damage Assessment Process & Disaster Assistance Programs

Disaster Event/Incident → Rapids Needs Assessment → Initial Damage Assessment → Joint Preliminary Damage Assessment (PDA) → Declaration Request

Damage Assessment Process

Rapid Needs Assessment & Initial Damage Assessment
- Coordinated by the Local Emergency Management Office and State Agencies
- Information is compiled to determine:
  - Rapids Needs Assessment – Life saving and immediate needs of disaster victims and survivors
  - Initial Damage Assessment – Overall impact, resources needed and costs of damages/work. Initial assessment to determine if declaration thresholds may be met.

Joint Preliminary Damage Assessment (PDA)
- Conducted by Federal agencies (FEMA/SBA), Maryland Emergency Management Agency (MEMA) and the Local Emergency Management Office (EM) and/or State Agency representative
- Listings/maps of damaged areas/sites (most affected to least affected)
- Verification that initial assessments are accurate and declaration thresholds are met/exceeded
- Findings are included in the Declaration Request

Declaration Process

MEMA Executive Director requests Joint PDA
↓
Join PDA is conducted
↓
MEMA prepares Governor's Request for Declaration
↓
Declaration is authorized
↓
MEMA facilitates Declaration Assistance Program

Public Assistance Program (PA)

Administered by the Federal Emergency Management Agency (FEMA) following a presidential declaration. Federal share is 75% / Sub-recipient is responsible for remaining 25%

Eligible Applicants/Sub-Recipients:
- State government departments/agencies;
- Local/county government departments/agencies;
- Federally recognized tribal governments;
- Private, non-profit (PNP) organizations that provide essential services of a governmental nature (i.e., educational, utilities, emergency, medical, and custodial care facilities, homeless shelters and facilities that provide "critical services").

Eligible Work:
- Category A – Debris Removal
- Category B – Emergency Protective Measures
- Category C – Roads, Bridges, and associated features
- Category D – Water Control Facilities
- Category E – Buildings, Equipment, and Vehicles
- Category F – Utilities
- Category G – Public Parks, Recreational Facilities, and Other Facilities

Hazard Mitigation Grant Program (HMGP)

Administered by the Federal Emergency Management Agency (FEMA) following a presidential declaration. Mitigation reduces the impact of future disasters by creating a prepared and more resilient community.

Eligible Applicants/Sub-Recipients:
- State government departments/agencies;
- Local/county government departments/agencies;
- Federally recognized tribal governments;
- Private, non-profit (PNP) organizations that provide essential services of a governmental nature (i.e., educational, utilities, emergency, medical, and custodial care facilities, homeless shelters and facilities that provide "critical services").
- Individual homeowners and businesses may not apply directly to the program; however a community may apply on their behalf.

Types of Projects:
Intended to reduce the loss of life and property due to future disasters. Examples include: property acquisition, structure elevation, localized food risk reduction projects, infrastructure retrofit, etc.

Individual Assistance Program (IA)

Provides supplemental assistance to individuals and households following a presidential declaration.

Individual and Households Programs (IHP)
Housing Assistance (100% of eligible costs):
- Financial assistance for lodging or rental expenses;
- Financial assistance to repair disaster-related damage not covered by insurance;
- Direct temporary housing.

Other Needs Assistance (Administered by the Maryland Department of Human Resources):
- Disaster-related medical, dental, or child care expenses;
- Expenses incurred for a disaster-related loss of life;
- Repair/replacement of common household items (i.e., furniture and appliances)
- Repair/replacement of a vehicle damaged by the disaster.

Disaster Unemployment Assistance – for individuals who have lost work or become unemployed as a result of a major disaster and who are not eligible for regular state unemployment insurance.

Disaster Legal Services (provided through the Young Lawyers Division of the American Bar Association):
- Insurance claims
- Wills, power of attorney, and other legal papers lost in the disaster
- Home repair contracts or contractors
- Advice on problems with landlords

Crisis Counseling Assistance and Training Programs – grant based program, which funds community-based crisis counseling activities.

Disaster Case Management Program – provides funding to supplement case management/case work services in affected communities.

U.S. Small Business Administration Disaster Assistance Program (SBA)

Provides low –interest loans to homeowners, renters, businesses of all sizes, and private nonprofit organizations who suffered uninsured or underinsured losses from a declared disaster.

Home and Personal Property Loans:
- Up to $200,000 to repair or replace disaster-caused damages to a primary residence
- Up to $40,000 to replace a personal property

Business Physical Disaster Loans for businesses of all sizes:
- For nonfarm businesses and private, nonprofit organizations, such as charities, churches, and private schools
- Up to $2 million to repair or replace disaster-damaged property

Economic Injury Disaster Loans for working capital:
- Up to $2 million for small nonfarm businesses; small agricultural cooperatives; small businesses engaged in aquaculture; and most private, nonprofit organizations of any size
- To cover normal operating expenses through the disaster recovery period

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Maryland Emergency Management Agency
State Emergency Operations Center (SEOC)
5401 Rue Saint Lo Drive, Reisterstown, MD 21136
www.mema.maryland.gov
877-MEMA-USA

Kelly Devilbiss	Mark James	Jessica Nusbaum
State Public Assistance Officer	State Hazard Mitigation Officer	State Individual Assistance Officer
410-517-3604 / 410-707-0159	410-517-3649 / 410-802-9990	410-517-3640 / 443-386-1287
Kelly.devilbiss@maryland.gov	Mark.james@maryland.gov	Jessica.nusbaum@maryland.gov

Private Sector Integration Program

- Points of Contact: Christina Fabac, Private Sector Liaison

State's Role in Recovery

State of Maryland Disaster Recovery Operations

Plan (SDROP)

FINAL DRAFT V.2
August 13, 2014

A CENTER FOR PREPAREDNESS EXCELLENCE

- Points of Contact:
  - Chas Eby, External Outreach Branch Manager and Recovery Lead
  - Elizabeth Webster, Adaptive Planning Branch Manager and COOP Program Coordinator

- Recovery Plan:
  - All emergencies are locally-driven events.
  - The State of Maryland's role is to provide assistance to the local jurisdictions at their request.

Resource Overview and Questions

- **Facilitator:**
  - James Tully, Training and Exercise Administrator

- **Planning/Preparedness Resources:**
  - Maryland Emergency Management Agency
  - Department of Business and Economic Development
  - Ready.gov Businesses

- **Insurance and Grant Programs:**
  - Maryland Insurance Administration
  - Department of Housing and Community Development
  - Small Business Administration

Thank You For Participating!