Continuity and contingency planning

Continuity and contingency planning is about being prepared for all types of disruptions, eg an earthquake, broken equipment or losing a supplier — and quickly getting back on your feet.

Use this step-by-step guide to get your plan sorted. It’s vital to your business’s survival.

Business Continuity Planning = Plan B

A business continuity plan (BCP) pinpoints the most important parts of your business, identifies potential risks to these critical pieces and prepares you to recover as quick and easy as possible. Contingency planning is a crucial part of continuity planning — it means having a backup if your original plan no longer works. It’s your plan B.

Your BCP shouldn’t be limited to what to do after a natural disaster. It should cover any risks or threats that could disrupt your most important business activities.

A continuity plan is different from emergency planning.

Emergency plans cover in-the-moment procedures in a crisis, eg a natural disaster. BCP covers how you’ll get core parts of your business up and running again.

[Emergency planning](/risks-and-operations/planning-for-the-unexpected-bcp/emergency-planning-for-businesses/)

Why you need to plan

Business owners aren’t legally required to do business continuity planning (BCP) but there are many reasons to put time and energy into it. Many small businesses struggle to reopen after a disaster. Planning greatly improves the likelihood that your business will survive — so it should be on your must-do list.

Other reasons to do BCP:

- It’s a plus for potential buyers and investors — it shows you’ve thought about other scenarios than simply business-as-usual. It gives your staff confidence, especially if you get them involved in planning.
- It helps you spot good opportunities for your business now, eg outsourcing payroll.
- It could help you negotiate lower insurance premiums — the more resilient you are, the more likely insurers will consider you a lower risk.

Don’t let your plans gather dust on the shelf.

Step-by-step guide to business continuity planning

This guide will get you thinking about how to protect the most important aspects of your business.

As you go through each step, consider:

- Your particular risks if something goes wrong.
• How you might get back to business-as-usual as quickly and smoothly as possible.
• What the options are if you can’t get back to business-as-usual.

It’s important to think of different options rather than absolutes.

**Step 1. Identify key products or services**

Questions to ask:

• What are the biggest risks to your most profitable activity? How can you reduce these risks?
• What is essential to produce or carry out these key activities, eg raw materials, a fully functioning website?
• Can you get by without your full suite of products or services?
• What is your least profitable activity? Be prepared to pause or stop this until you get back on your feet.

**Step 2. Identify key internal people**

These might be staff or business partners — or your board, if you have one.

Questions to ask:

• If you have staff, could your business continue without some or all of them on deck?
• Does your business rely heavily on one person for key tasks? What happens if this person is unavailable? What are the main duties of all staff?
• How might you get temporary staff at short notice?
• How can you support staff and their families if they are affected?

**Case study**

**Casual workers at short notice**

Dahlia runs a café and both her servers are off with the flu. But she has a plan in place for this situation — Student Job Search. She already has a job ad written up and on file, plus job search login details and instructions on how to post an ad.

She gets the ad up first thing in the morning. Temporary servers are in their aprons by the lunch rush.

Just like the rest of her employees, these casual workers need an employment agreement.

Dahlia uses business.govt.nz's online Employment Agreement Builder to quickly put together simple and legally safe agreements. She keeps these on file for next time she needs to call on these workers, or hire new casual employees.

[Type of employment agreement: Casual employee](https://eab.business.govt.nz/employmentagreementbuilder/application/typeOfEmploymentAgreement) — Employment Agreement Builder

**Step 3. Identify key connections**

These might be suppliers, service providers, clients or regular customers.

Questions to ask:

• How robust is your supply chain?
• If your business relies on external suppliers or manufacturers, do you have a backup if something goes wrong?
• If your business uses transport to deliver products or services, what are your alternatives if something goes wrong? Can you rent vehicles? What if the port, airport, road or rail system is disrupted? Could customers come to you in the short term?
• Who might help you get back on your feet? Do you have good relationships with your bank, landlord or advisors?
• Who can help if you can’t get into your premises or IT systems?
Step 4. Identify essential equipment and supplies

Questions to ask:
- If you rely on your own equipment to make products, could you borrow or rent alternative equipment or premises if yours are out of action?
- Could your staff use their home computers for work if business computers are unavailable? Find out who has suitable devices — the business can help pay for internet use.

Step 5. Consider relocation options

Questions to ask:
- If you need to vacate your usual premises unexpectedly, how can you keep your business ticking along?
- Could staff work from an alternative site, or from home, if your premises can’t be used? You may want to ask your main suppliers, customers — even competitors — if they could spare room in their premises in an emergency.
- If you need to move, how can you best communicate with your customers about your new location — and from your new location?

Leasing or buying premises (/risks-and-operations/equipment-premises-and-assets/leasing-or-buying-premises/)

Case study
Making the best of it

After the Christchurch earthquake, two panel-beating businesses could no longer work from their premises. They both had access to a temporary workspace, but it wasn’t big enough for all their workers.

Partnering up was an obvious solution — the owners had already been thinking about sharing a space due to rent rises.

They decided to offer a 24-hour service, with staff working in shifts around the clock in the temporary workspace.

This short-term solution — which drew on their contingency planning in case of rent rises — meant they could keep revenue coming in after the emergency.

Benefits of co-working (/news/benefits-of-co-working/)

Relocation: Is it the right move? (/news/relocation-is-it-the-right-move/)

Step 6. Consider insurance options

Questions to ask:
- What could go wrong with my business or at work?
- Have I got it covered?
- Is business interruption insurance, which covers against losses after an emergency, a good option?

Cover your assets(external link) (https://www.resorgs.org.nz/resources/resilience-booklets/) — Resilient Organisations

Insurance (/risks-and-operations/planning-for-the-unexpected-bcp/insurance/)

Step 7. Identify who can run the business in your absence

Questions to ask:
- If something takes you or another important team member away from the business, who can take over important tasks?
- If there’s a major disruption, what is each staff member’s role in getting the business back on
its feet?

**Step 8. Keep contact details handy**

Questions to ask:

- Do you have emergency contact details handy? This list may include staff, emergency services, clients and suppliers. You may also include your insurance details, security company and neighbouring businesses.
- When were contact details last updated — is it time to check for any changes?

**Step 9. Back up important data**

Questions to ask:

- What data — customer details, emails, files and spreadsheets — are critical to your business?
- What sensitive data — personnel files, bank details, tax documents — do you need to keep safe?
- Do you regularly back up data on a hard drive, server or in the cloud? It’s time to start if you don’t do this already.

[Storing and backing up data](/risks-and-operations/it-risk-and-avoiding-scams/storing-and-backing-up-data/)

**Step 10. Put it into practice**

Much like emergency plans, a business continuity plan shouldn’t sit on the shelf. It needs to be tried and tested with relevant staff at least once a year. This doesn’t need to be expensive or time-consuming.

Run 20-minute stress test exercises where you give staff a scenario to plan for. Rather than fixating on the cause of the disruption, eg a natural disaster or power cut, focus on how to manage the consequences:

- What will they do if an important machine isn’t working?
- What options do they have if the premises are closed for a week or longer?

No two crises are the same. But together, you may find similar solutions to different situations. Your plan will change as your business evolves, so make sure you debrief after each test and update the plan if necessary.

Staff need to know what to do even if you’re not available. Make sure your plan is easily accessible.

For a downloadable guide and template that walks you through important steps of BCP, see Wellington Emergency Management Office’s website Get Prepared.

[Prepare your business](http://getprepared.nz/organisations/) — Get Prepared

Resilient Organisations has resources to help small businesses thrive in any environment.

[Guides for businesses](https://www.resorgs.org.nz/resources/resilience-booklets/) — Resilient Organisations

**Do talk to your bank manager about how to manage cash flow through a disaster.**

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