



## RISK MANAGEMENT GUIDE

### GETTING YOUR BUSINESS BACK RUNNING AFTER A SERIOUS LOSS

#### Should you be worried?

Insurance gives businesses the comfort of knowing that, in the event of loss or damage due to an insured peril, it will be able to replace or repair material items. Additionally, Business Interruption insurance gives cover, typically, for the shortfall in gross profits for a specified period following the incident.

However, no matter how effectively a business protects itself through insurance, there are always some risks that cannot be anticipated or insured against. For example, insurance can never provide cost-effective security against the long-term or permanent loss of customers, markets, quality, reputation and employee loyalty.

The only effective protection against serious disruption to your business is Business Continuity Management (BCM). BCM can be most simply described as "understanding and controlling risk and being best able to recover your business, regardless of the cause of interruption".

**MORE TH>N BUSINESS** recognises the mutual benefit to be gained from BCM and therefore offers this guidance to its business customers. The guidance is designed to help you to understand how to alleviate the effects of an incident and how to develop a Business Continuity Plan (BCP). The measures are simple, cheap to implement and do not require an army of people to carry out – all you need is a disciplined approach and attention to detail.

#### What should my Business Continuity Plan cover?

For most small businesses the requirements centre on four areas

1. Information
2. People
3. Equipment and Stock (including raw materials)
4. Customers, Suppliers and Utilities.

##### 1. Information

The data you keep may be business accounts, orders from suppliers or orders for customers, payroll information etc. Whatever it is, taking the action below will ensure you always have recent information from which to work.

##### Action

- ✓ Be aware that not all business-critical information is kept electronically. If you have vital paper records (plans, recipes, specifications, drawings etc.) consider copying the most important of these and keeping them off-site.
- ✓ Make back up copies of all your electronic data on a regular basis and keep a copy in a secure place away from your business premises. In this context, "regular" means at least monthly but preferably every week.
- ✓ If you have bespoke or adapted software, this should be backed up to ensure that you would be able to load and access your data on repaired or replacement hardware.
- ✓ Remember also, the need to revisit your copies and back-ups frequently, to ensure that they remain up-to-date and useful.

##### 2. People

Do any of your staff have specialist skills that would be difficult to replace or do they have unique knowledge or contacts? These are the people you should endeavour to hold on to after a disaster – it will make re-establishing your business that much easier.

#### Action

- ✓ Identify key personnel and plan how you could hold onto them if a disaster occurred.
- ✓ Alternatively/additionally, ensure that details of their knowledge and contacts are recorded on the company's files (see information above) as accidents do happen and people do move on!

### 3. Equipment and Stock

Does your business rely on any of the following?

1. Specialised machinery and/or tooling.
2. Items that have a long lead-time to secure a replacement.
3. Materials or stock that are seasonal or only available from limited sources.
4. Any or all of the above may slow down the recovery of your business following a serious loss.

#### Action

- ✓ Examine alternative and more readily available machinery and sources of stock (raw materials, finished stock and consumables).
- ✓ Ensure all current and potential addresses and specifications are recorded within your records (see information above).

### 4. Customers, Suppliers and Utilities

If a disaster strikes, your first thoughts will centre on getting the initial problems solved and calming the inevitable fears of your staff. Dealing with utilities (gas, electricity, water and telephones) will probably be part of that initial flurry of activity. But what about your customers and suppliers – how and when are you going to deal with them?

#### Customers

You will need to consider the following:

1. How loyal are they likely to be in the event of a long interruption to your business?
2. Is there a chance they will accept a different quality product or service on a short-term basis?
3. Are there means of supplying them directly without using your own premises?

#### Action

Your plan should be geared towards measures that will help you retain as many of your customers as possible:

- ✓ Early contact with customers is advisable should an interruption occur – it is far better that they hear from you, rather than through a third party, including the media.
- ✓ Keep an up-to-date contact list, at least of your key customers.

#### Suppliers

An interruption to your business may well create a demand for machinery/equipment, raw materials, finished stock and consumables as damaged or lost items will need to be replaced.

#### Action

- ✓ Keep up-to-date with replacement times and levels of supply of the commodities you will require.
- ✓ Keep an up-to-date contact list, at least of your key suppliers.
- ✓ Contact your suppliers as soon as possible after the interruption, to advise them of your likely needs – particularly if items are seasonal, in short supply or have long lead times.
- ✓ An interruption may present an opportunity to re-assess your suppliers. Using more than one supplier for an important commodity lessens the risk to your business – remember that their businesses can suffer losses and interruptions too!

#### Utilities

Every business needs some or all of these – gas, electricity, water and telecommunications – and even a temporary loss could prove costly.

#### Action

- ✓ Your BCP should include details of where you could hire temporary heaters, water tankers, generators, telephones and the like.

### IMPORTANT

The information set out in this document constitutes a set of general guidelines and should not be construed or relied upon as specialist advice. Therefore **MORE TH>N BUSINESS** accepts no responsibility towards any person relying upon these Risk Management Guidelines nor accepts any liability whatsoever for the accuracy of data supplied by another party or the consequences of reliance upon it.