



6 RISKS

YOU NEED TO PLAN FOR IN YOUR BCP



Be Prepared for Emergencies and Disasters With A Business Continuity Plan

Truly being prepared for emergencies means more than having a tornado shelter, an emergency action plan and spill response procedures. While those things are all important and play key roles in being prepared, facilities also need to have a comprehensive plan in place that outlines what they'll do after the fire trucks, hazmat team, utility companies or camera crews leave.

Business Continuity Plans (BCPs) pick up where traditional emergency response plans end. These plans are also known as Continuity of Operations Plans (COOP), Disaster Recovery Plans (DRP), Business Resilience Plans (BRP) and Crisis Management Plans (CMP).

Like insurance policies, everyone hopes they never need their BCP. But when an unexpected incident occurs, insurance premiums may cover a new building or replacement equipment, but a BCP will outline exactly what is needed to get everything back to normal as quickly as possible. We will discuss six key risks you'll need to plan for later in this paper.

Responsible facilities are typically already prepared to handle common emergencies like spills and fires and, in some cases, pandemics. Their plans carefully outline each employee's duties and responsibilities to ensure safety and minimize environmental impact during the initial phases of a disaster or emergency. What they usually don't address is restoring the essential functions that keep a company operating. That's where a well-developed BCP can be the difference between reopening and shutting the doors forever.

According to the Insurance Information Institute, nearly 40 percent of businesses affected by a disaster never reopen. Having a plan that identifies your facility's risks and establishes the procedures and resources that will be needed to fully recover essential functions will greatly increase the likelihood of restoring operations in a timely manner.

The faster you can recover from an incident, the more likely you will be to maintain your customer base. Customers usually don't have the luxury of waiting six months or a year while your facility is being rebuilt and if you are unable to deliver, they are likely to find an alternative source.



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Federal, state and local governments, as well as the Department of Homeland Security, all strongly encourage private sector preparedness and the use of voluntary consensus standards as a means of achieving readiness. One of the most comprehensive and highly recognized standards for continuity planning is the NFPA 1600: Standard on Disaster/Emergency Management and Business Continuity/Continuity of Operations Programs. The 9-11 Commission recommends:

"We believe that compliance with [NFPA 1600] should define the standard of care owed by a company to its employees and the public for legal purposes. Private sector preparedness is not a luxury; it is a cost of doing business in the post-9/11 world. It is ignored at a tremendous potential cost in lives, money, and national security."

This standard was first published in 1995 and provides a template for facilities to prepare comprehensive BCPs. Facilities are encouraged to take an all-hazards approach to creating their programs by addressing the many different types of risks they may face, noting how they will manage those incidents and stating what's needed to resume essential operations and fully recover from disasters or emergencies.



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NFPA 1600 (continued)

With a comprehensive BCP, facilities can accomplish several goals:

- Emergency preparedness
- Protection of essential assets
- Minimize the potential for loss of life and property
- Integration of multiple plans and procedures

Emergencies are stressful for everyone involved. Well-prepared plans help alleviate some of the stress by documenting the steps that will need to be taken and providing vital information on how, where and when to obtain any resources that may be needed for the business to recover.

Establishing plans and lists of resources in advance will help key stakeholders make informed decisions and ensure a timely recovery. It can also help prevent being swayed by service contractors or suppliers who are onsite after an incident but may not have your company's best interests in mind.



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Assessing Risk

Before you can create a plan, you need to determine the types of risks your facility may face. Risks can be internal and external. Internal risks are things that the facility has some control over, such as process failures or human error. External risks are things that are not under the facility's control, such as natural disasters or acts of terrorism.

One of the easiest ways to consider everything that goes on, in and around your facility is to ask "what could go wrong?" and document the possibilities. Next, assess the likelihood of each incident happening. For example, a comet could strike the facility, but that event is probably less likely than a flood, tornado or even an active shooter event. It can be somewhat overwhelming to consider planning for every event that could happen, so it can be helpful to rank events by their likelihood to prioritize planning, or categorize them to make planning for similar types of events easier.



Reality check: You don't get to choose the disasters that happen. So while it is important to plan for and allocate the most resources toward the "most likely" types of disasters, it is also important to be aware of and also plan for incidents that are less likely. Being totally prepared for a fire won't help the facility sustain operations during a long-term power outage, and being prepared for a long-term power outage won't replace essential staff out due to a widespread flu epidemic. Having a robust plan that prepares the facility for different types of incidents is the heart of business continuity planning.

When assessing risks, consider the following areas of vulnerability:

- People: Lines of succession, employees and the surrounding community
- Property: Buildings, land and holdings
- Operations: Call centers, production areas, warehousing, etc.
- Essential Functions: Minimum elements needed to produce and sell your product or service
- Environment: Potential to harm air, water or land
- Supply Chains: Raw materials, transportation and distribution

Involve employees from various areas to help identify risks. Form a group with a wide range of backgrounds. The perspective that an accountant brings is different from the shop foreman or the sales director. Collectively, however, they'll help identify a wider variety of risks than a small group of executives that may not be as intimately familiar with different parts of your operation.



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6 Risk Categories to Evaluate

Some risks that the team identifies will be unique to a facility's operations. For example, the operational risks that a power generation plant faces are quite different than the risks at a day care center. But many risks, such as fires and the potential for pandemics, are common to nearly all facilities. In addition to facility-specific risks, teams helping to develop BCPs should consider the likelihood of the each of the following:

Geological	<ul style="list-style-type: none"> • Earthquake • Landslide, mudslide, subsidence • Tsunami • Volcano
Meteorological	<ul style="list-style-type: none"> • Drought • Extreme temperatures (hot and cold) • Famine • Flood, flash flood, seiche, tidal surge • Geomagnetic storm • Lightning • Snow, ice, hail, sleet, avalanche • Wildland fire • Windstorm, tropical cyclone, hurricane, tornado, waterspout, dust storm, sandstorm
Biological	<ul style="list-style-type: none"> • Food-borne illnesses • Infectious/communicable/pandemic diseases
Accidental Human-Caused	<ul style="list-style-type: none"> • Building/structure collapse • Entrapment • Explosion/fire • Fuel/resource shortage • Hazardous material spill or release • Equipment failure • Nuclear reactor incident • Radiological incident • Transportation incident • Unavailability of essential employee(s) • Water control structure failure
Intentional Human-Caused	<ul style="list-style-type: none"> • Incendiary fire • Bomb threat • Demonstrations/civil disturbance/riot/insurrection • Discrimination/harassment • Disinformation • Kidnapping/hostage • Acts of war • Missing person • Cyber security incidents • Product defect or contamination • Robbery/theft/fraud • Strike or labor dispute • Suspicious package • Terrorism • Vandalism/sabotage • Workplace/school/university violence
Technological	<ul style="list-style-type: none"> • Hardware, software and network connectivity interruption, disruption or failure • Utility interruption, disruption or failure

Although facilities may be part of a large corporation with multiple locations, or be similar to other facilities in a city or region, it is important for each individual site to assess their particular risks and create a specific plan that makes sense for them. A common fault in planning, especially for large corporations, is to develop a plan at a corporate level that doesn't truly reflect or identify all of the needs of each individual facility.



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Business Impact Analysis

Teams should also consider how each type of risk they identify will affect them. Is the risk facility-specific, or could it affect the entire community, state or region? Disasters that affect a region, especially those that destroy utilities and roadways, can easily overwhelm local response resources and are very likely to affect facility operations even if the facility itself was not initially impacted by the disaster. The NFPA 1600 standard calls this planning process business impact analysis (BIA).

A [BIA] is "a management-level analysis that identifies, quantifies and qualifies the impacts resulting from interruptions or disruptions of an entity's resources. The analysis can identify time-critical functions, recovery priorities, dependencies, and interdependencies so that recovery time objectives can be established and approved" [NFPA 1600, 3.3.4].

A BIA considers many different types of risk so that the facility can identify needs and create plans to eliminate or mitigate risks. Focusing on specific risks that could affect the facility's operations further identifies and clarifies what resources will be needed following different types of incidents and disasters. It also directs facilities to explore the impact that each type of disaster could have.



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Implementing Plans

During planning, it is important to make sure that the plan is comprehensive, but it also needs to be easily accessed and implemented. Incorporating contingency, emergency action, spill response and other plans into your BCP can help streamline planning, avoid redundancies and improve accessibility. It will also facilitate communication, training and plan distribution.

Plans need to accomplish many different goals, such as:

- Ensuring employee, visitor, contractor and community safety
- Maintaining customer service levels
- Minimizing business interruptions
- Ensuring supply chain continuity
- Protecting physical assets and vital company information
- Preventing environmental harm
- Protecting brand image and reputation



The overarching theme of each of these goals is to “limit or control the consequences, extent or severity of an incident that cannot be prevented” [NFPA 1600, 6.3.1]. A comprehensive BCP will include the following elements:

Communication

Communication is one of the most critical planning elements and it plays into each of these goals. Communication plans document lines of authority and identify the personnel resources that will be needed to perform essential functions. They also list how employees and stakeholders will be contacted; how the media will be addressed and by whom; warning and other public notification systems; and how essential resources will be obtained so that operations can resume in the shortest time possible.

Incident Management

Incident management involves coordinating the facility’s response efforts with outside response agencies, providing liaisons and establishing an emergency operation center to control the incident and minimize consequences.



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Implementing Plans (continued)

Vital Records Management

Vital records management covers the processes for ensuring that records, procedures and all other sources of electronic and hard copy documents that are needed to support facility operations are preserved. These plans should include redundant systems that are able to preserve any records (such as inventory sheets, personnel records, trade secrets, supplier partnership agreements, etc.) that would significantly impair the facility's ability to function properly if they were to be lost.

Training

Training documents show how employees and management will obtain and maintain the skills they will be asked to perform during and after an emergency. All employees should understand the policies, procedures, systems and means of communication that will be used to recover operations following a disaster.

Disaster Recovery

Disaster recovery outlines all essential functions and determines what's needed to restore those functions and who will perform those tasks. It may also list procedures to maintain safety and security while repairs and restoration takes place, as well as provisions for temporary relocation and alternative supply chain resources.



Continuity of Operations

Continuity of operations builds on disaster recovery plans by discussing how assets, systems and networks will be protected and how operations will continue using alternative sites or resources. Options for virtual offices and relocating production to other corporate sites are also outlined in this part of the plan.

Employee Support

Employee support identifies the processes to communicate with employees during and after an incident and provides guidance on scheduling, pay, telecommuting, leave and employee assistance programs. These plans also identify sources of staffing for essential functions following disasters.



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Training and Exercises

One of the most difficult things to predict during and after an incident is how employees will react. Training before a disaster occurs will help employees not only understand the types of hazards in their workplace, but also what they can do to keep themselves safe. In the case of continuity planning, it also provides them with the information and knowledge they will need to react and respond appropriately and safely.



Training needs to include more than just signing an attendance sheet and watching a video. To be effective, employees should be competent in performing any skills that will be necessary following a disaster or emergency and knowledgeable about their specific roles and responsibilities. The goal of training is to “create awareness and enhance the knowledge, skills and abilities required to implement, support and maintain the program” [NFPA 1600, 7.2].

To accomplish this goal, training needs to be frequent enough that employees will act instinctively when incidents happen. This helps to avoid panic that can be common after an incident and reassure employees that the facility does have a recovery plan in place to resume operations in a timely manner.

Regular exercises can be used to evaluate plan comprehension and identify deficiencies or procedures that need to be amended. They will also help everyone involved become more comfortable with their response roles.

The thought of having to recover from a major disaster makes many people and businesses uncomfortable, but it’s not something that companies can afford to ignore. Taking the time to plan for the unexpected now increases the likelihood that your facility will recover, prevents stressful decision making after a disaster and provides assurance to employees that efforts have been made to keep the company in business.



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