



International  
Labour  
Organization

# Business Continuity Planning (BCP) for natural disasters

## In Business

Enterprise development, growth, and enhancement for micro, small and medium-sized enterprises through business networks

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# In Business

**Enterprise development, growth, and enhancement for micro, small and medium-sized enterprises through business networks (In Business) is a new and innovative learning programme designed by the International Labour Organization (ILO) to support micro, small and medium-sized enterprises.**

Working in small groups with similar business profiles, participants review business examples, complete activities, and engage in discussions without an external trainer or specialist. This learning process positions micro, small, and medium-sized enterprise (SME) as both student and teacher and has been specially designed to strengthen business networks while providing access to local expertise, insights, and experience in identifying solutions that will work best in the local market context.

The In Business learning tools are modular in format, allowing SMEs to take up the module in any order of preference. Each module sets out techniques, methods, and worksheets to guide SMEs through practical steps they can take to improve productivity, competitiveness and working conditions. By reflecting on local examples and sharing existing knowledge and experience, the programme becomes self-tailored to the needs and interests of each group.

## About this module

The In Business module on *Business continuity planning for natural disasters* will support SMEs to better prepare for natural disaster situations by introducing basic risk management concepts, tools, and mechanisms, which help design and implement a Business Continuity Plan. This module takes four hours to complete. Upon successful completion, the participating SMEs will be able to anticipate, identify, assess, and prepare responses to natural hazards that threaten not only the financial status but also the sustainability and survival of the enterprise.

### **The International Labour Organization (ILO) Enterprise Department**

The ILO's Enterprise Department work builds on private sector development strategies, with a view to strengthen enterprises, business relationships and services, market structures, and the business environment so that they channel more benefits to the poor as well as create more and better jobs effectively.

### **The International Labour Organization (ILO) Bureau for Employers Activities (ACT/EMP)**

The ILO Bureau for Employers' Activities (ACT/EMP) assists employers' organizations in building strong, independent and representative organizations that respond to their members' needs. ACT/EMP has an interest in equipping employers' organizations with low-cost, high-impact learning tools to strengthen membership services for SMEs.



### Read out loud

This icon indicates that one member of the group should read out loud to the rest of group.



### Knowledge link

This icon indicates where knowledge and skills are linked to other In Business learning resources and support for SMEs.



### Time allotted

This icon indicates how much time each of the sessions and activities should take.



### Supplies needed

This icon indicates that supplies may be necessary to complete the session.

# Guide to using the learning tool

**In Business modules have been designed for self-facilitation by micro, small and medium-sized enterprises (SMEs) without a trainer or support from external business consultants.**

This module is divided into five sessions: case study, networking exercise, review of key principles, addressing the bottom line, and action planning. Each session will follow the same general format.

As there will be no external trainer or specialist to lead the learning module, group members will take turns to read the background and instructions for each session out loud to the group while another group member will monitor timing. As there is no external trainer or specialist, all group members need to participate actively in group work and discussions. Through this process, new learning will come from the insights, knowledge, and experience shared by other members of the group and practical skills will be developed by completion of the activities set out.

A set of icons has been used throughout the module to provide easy-to-recognize reference points for different tasks within each session. Additionally, a set of guidelines is provided in order to ensure that you and your group are well equipped and motivated to successfully complete the module. Before starting the module, review all the guidelines on the left as a group, including what the icons represent.

Session no.	Outputs	Top of each activity/tool you will see this box indicating where you are in the module (session and activity) as well as what you will learn and produce as the output(s) of that activity.
Activity no.		

## Guidelines for successfully completing the module

### Share responsibility for reading instructions to the group

The learning tool is designed for individuals to take turns reading the instructions out loud to the group. At least one member of the group should be selected to take this responsibility for each module. This responsibility though does not make you the leader of the group or responsible for making decisions.

### Listen to the instructions and work as a group

During the learning you will only interact with members of your group, not with instructors or experts. For this reason the programme will not be successful if SMEs work independently or one member of the group acts as a leader in making decisions.

The process for each session is to listen to the instructions read out loud, work together with others in the group to complete the activities or discussion, and reflect on the key learning in relation to your own enterprise before moving on to the next session.

### Manage your timing

Timing for activities has been provided in your learning guide but these have only been suggested. Because key learning comes from sharing insights,

knowledge, and experience with others in the group, groups have the freedom to adjust timing for activities according to the needs and interests of group members. The important things to note are that decisions to adjust timing should be made democratically and you cannot exceed the total time allocated for the module. It may help to select one member of the group for each module to monitor timing.

### Be active

The ability to communicate with others, to reflect on learning and engage challenges through critical thinking, and to take risks and experiment are some of the most important skills for success. Recognizing the importance of these attributes, the In Business learning modules have been designed for highly participatory active learning methods that allow SMEs to strengthen these important skills. Critically evaluating choices and providing constructive feedback to others in the group is essential. Be active and contribute to group activities and discussion, to have the most learning experience.

### Evaluate your learning and the module

A survey to be completed before and after In Business learning has been designed as a market research tool to better understand what SMEs learn from the module and what other skill areas there is demand for. These are important for maintaining the quality of In

Business service and qualify SMEs for certification of the achievement in completing the module.

### Getting started

Before starting the module, read through the Introduction to In Business and review the “Guide to using the learning tool”.



Form into groups of 5–7 individuals.

Select a volunteer to read the first session information and instructions out loud and another group member to monitor timing.

Start **session 1** by listening to the group volunteer read the section.



# Session 1

## Business case study

### Goals

To prepare you for the type of discussions and interactions you will have with other group members throughout the learning module and understand the benefits of being exposed to different perspectives.

To identify the key concepts of Business Continuity and recognize how a Business Continuity Plan (BCP) can help you to minimize the impact of natural disaster.

This page has been intentionally left blank and can be used for note taking during activities.

# Session 1 Overview



15 Minutes



## Materials needed

Learning manual, pens, and markers

## Assign a reader

Select one member of the group to read out loud the information and instructions in session 1.

## Assign a timer

Select another member of the group to monitor the time for each activity and alert the group when it is time to move on to the next activity.

**A business case study presents a real-life situation experienced by micro, small and medium-sized enterprises (SMEs) for learners to reflect on and discuss with other group members. This practice has become a standard feature of business development programme because case studies allow business owners to develop new insights into how other SMEs would address challenges or pursue new opportunities.**

**While gaining knowledge from success stories, the experience and lesson learned through any failure would be a valuable asset for future business success.**

## Step

## 1

**Case study review and respond**

The following case study presents a challenging situation faced by a small business owner. As a group, listen to one member read the case study below while following along in your learning module. Discuss any questions or confusion about the case study before answering the question that follows.



15 Minutes

**Box 1**  
**Case study**

The Cebu Seafood Company has been involved in fish processing and trading for about five years. The company owners rely on personal know-how and instinct to run their business and meeting other processors only occasionally.

Last year, heavy rainfall during the night caused the local river to overflow and because of poor drainage in the area there was widespread flooding. Although the company had experienced floods in the past, this was the first flood to affect the premises. During this unfortunate day, 1.5 metres of water flooded the business where the receiving and processing facilities were located. In addition, a nearby tree crashed over the electric wires and cut the power supply for three days.

The company had a caretaker whose house was located within the compound. However, the caretaker was not able to save and protect the stock, property and machinery as he and his family were forced to evacuate immediately to avoid being injured. The caretaker had tried contacting the owner by cell phone for instructions but the signal was too weak and it was impossible to communicate.

All of the stocks in the freezer, worth about 555,000 Philippine Pesos, were spoiled and unfit for human consumption. Most of the equipment had to be repaired and cleaned before they can use them again. The spoiled stocks were meant for orders made by three customers who already paid the down payment.

The customers were willing to wait for a week for the delivery of the orders. Unfortunately though, it took the company almost four weeks to resume their operations and to get the working capital needed for purchasing new fish supplies. To date, the company is still trying to recover from the loss.

### Discussion question:

The Cebu Seafood Company owners are now seeking your advice on **how they could improve their ability to withstand a natural disaster like flood**, so that next time they will be back in operation sooner. In particular, they want to know what they can do in advance to reduce any impact.

Work as a group to think of possible recommendations for the Cebu Seafood Company. Using the table on the next page, record four recommendations on low-cost and easy to implement actions.

## Recommendations to Cebu Seafood Company

**Recommendation 1**

**Recommendation 2**

**Recommendation 3**

**Recommendation 4**



# Session 2

## Professional networking

### Goals

To gain information about other enterprises in your area and to increase the visibility of your business.

To share interests with other groups members in *Business Continuity Planning for natural disasters*.

To establish personal connections with other enterprises in your area that can help to grow, protect and improve your business.

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# Session 2 Overview



25 Minutes



## Materials needed

Learning manual, pens, markers and poster paper

## Assign a reader

Select one member of the group to read out loud the information and instructions in session 2.

## Assign a timer

Select another member of the group to monitor the time for each activity and alert the group when it is time to move on to the next activity.



**Professional networking is a process to build contacts and relationships with other businesses that share a common goal or interest. These relationships are mutually beneficial and can lead to opportunities to share information, refer customers, and cooperate to cut costs and improve market access.**

**A Business Continuity Plan (BCP) is a plan for how you will manage if your business is affected by a disaster. It involves the most important information needed to limit the impact of these disasters and to recover as quickly as possible afterwards. In preparing for and recovering from natural disasters, professional networks can be a valuable source of support and mutual aid.**

**The key to a successful business network is accessibility. Enterprises need to be connected and accessible to the others so that contact to key people and industry-specific information are always available.**

## Step

## 1

**Draw a picture of your business**

Draw a quick picture of your business in the space provided below. There is no reward for being the best artist so do not spend too much time on this task. Try to capture the basic information someone would need to understand what it is your business does. Avoid using text in your drawing.



5 Minutes

**Draw your business here**A large, empty rectangular area with a light gray border, intended for drawing a picture of a business.

Step

2

### Introduce yourself in to the group

Use your picture to support you in introducing yourself and your business to other group members. In no more than two minutes share the following information in your introduction:



10 Minutes

1. Introduce yourself – what is your name and where is your business located?
2. Introduce your business – what is your business (industry/sector) and how long have you been operating?
3. Discuss your business motivations – why do you run a business and how did you get started?
4. Discuss your business aspirations – what are your plans for your business and what do you want to achieve?
5. Explain why you are interested in the learning module on *Business continuity planning for natural disasters*?

Step

3

### Discuss support and cooperation opportunities

As a group, discuss as a group the type of support or cooperation you would like to secure through stronger business networks and any existing experience group members have had in preparing for and recovering from natural disasters.



10 Minutes

Group members should share any specific examples or experiences they have had where another business has provided them assistance in overcoming a challenge.

At the end of the discussion, work as a group to identify and list the three greatest potential benefits of business networks to SMEs that are affected by natural disasters.

## Business networks and natural disaster: What are the potential benefits?

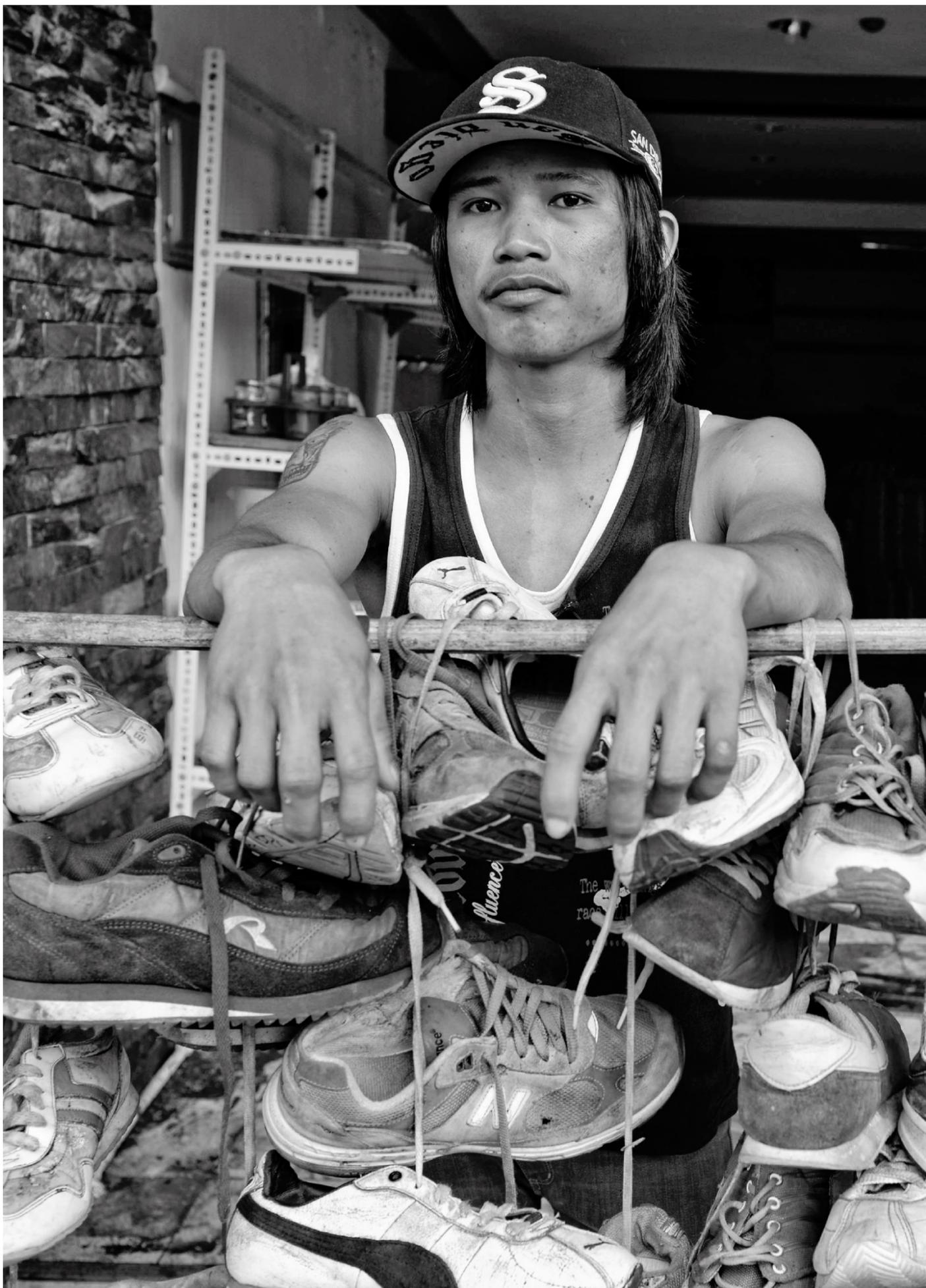
### Benefit 1

### Benefit 2

### Benefit 3



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# Session 3

## Reflecting on the issues

### Goals

To understand what are the main causes of business failure/mortality in case of natural disasters.

To evaluate the degree of vulnerability of an enterprise in relation to natural hazards.

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# Session 3 Overview



35 Minutes



## Materials needed

Learning manual, pens, markers and poster paper

## Assign a reader

Select one member of the group to read out loud the information and instructions in session 3.

## Assign a timer

Select another member of the group to monitor the time for each activity and alert the group when it is time to move on to the next activity.

**Managing risks is an important aspect of doing business and a task that should be performed on a regular basis. The focus of this session is to conduct a risk analysis to determine possible exposures to different natural disasters, and to share experiences and knowledge with other SMEs to gain a deeper insight into the potential impact of these risks on the bottom line.**

## Step

**Awareness of natural hazards****1**

As a group, look at the table below and come to a group decision on which three natural hazards are the most realistic threat to businesses in your industry or area. Underline these three hazards. Once these hazards are identified, discuss the similarities and differences between the impacts these hazards can have on businesses.



5 Minutes

**Natural hazards****Earthquake****Cyclone****Tsunami****Drought****Volcano****Fires****Landslide****Flood**

## Step

**Share your experience with the group****2**

Select two or three volunteers in the group to share their experience with natural disasters and how these disasters impacted their business. When sharing these experiences, try to explain what (if any) preparation for the disaster had been taken and what were the key challenges in restoring business productivity to normal.



10 Minutes

Step

3



10 Minutes

### Recognizing the causes of business mortality

While no business can prevent or control natural disasters, all businesses are capable of taking action to **reduce** the level of threat and damage they face. When businesses fail following a natural disaster, often it is due to vulnerabilities that could have been managed if a business continuity plan had been developed.

The list below represents issues and vulnerabilities that are commonly associated with business failure following a natural disaster. Working individually, review this list and select the three issues that can leave your business vulnerable. Underline these three causes.

#### Vulnerabilities associated with business mortality after natural disasters

Lack of advanced planning	Lack of precautions
Bad response timing	Lack of internal coordination
Lack of adequate infrastructure	Lack of cooperation with other enterprises
High dependence on suppliers who are unprepared towards risks	Machinery and equipment are stocked in exposed location
High reliance on electricity without alternative sources	Lack of personnel
Reactive rather proactive culture	Late dissemination of info
Lack of private/public cooperation	Lack of monitoring
High level of vulnerability of the enterprise, such as location in proximity to natural hazards	Lack of regulations on building standards, land use plans, etc.
Short term economic priorities taking precedence over longer term sustainable strategies	Adoption of risky behaviors
Lack of risk awareness	Lack of safety equipment

Step

# 4

## Assess the degree of vulnerability of the enterprise

Individually, using the table below, list the three hazards selected in **step 1**. Complete the rest of the table with details related to your own business.



To assess the degree of vulnerability of the enterprise, please refer to causes of business mortality in **step 3**.

10 Minutes

Enterprise Vulnerability				
Natural hazard	Season/month	Likelihood (1–5, 1 being very low)	Proximity to hazard in Km	Vulnerabilities to the hazard
1.				
2.				
3.				

## **Time to take a break!**

Sessions 4 and 5, which represent the core activities of this learning module, should be done in one sitting. So, if you would like to take a break, please do so now.



# SED OPM

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FACILITATORS	PARTICIPANTS
<ul style="list-style-type: none"> <li>Not hands on</li> <li>Instructors not clear</li> <li>Need more detail where</li> <li>Coordination between group members</li> <li>Pressure on facilitator</li> </ul>	<ul style="list-style-type: none"> <li>Difficulty with instructions</li> <li>Time-frame</li> <li>SRM mismatch</li> <li>Lack of visual instructions</li> </ul>



# Session 4

## Getting to the bottom line

### Goals

To identify and prioritize key products, key resources and core business activities.

To evaluate the degree of vulnerability of an enterprise and the risk profile of key resources and operations in relation to natural hazards.

To identify and plan cost-effective actions to prevent or reduce the risk of natural hazards impacting the business as well as actions to respond to natural disasters.

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# Session 4 Overview



2 Hours



## Materials needed

Learning manual, pens, markers and poster paper

## Assign a reader

Select one member of the group to read out loud the information and instructions in session 4.

## Assign a timer

Select another member of the group to monitor the time for each activity and alert the group when it is time to move on to the next activity.



**This session will guide you through the necessary steps for developing a Business Continuity Plan (BCP). A BCP plan for natural disasters can help your business continue with its operations, ensures business survivability and employees' safety when a natural disaster occurs.**

## To develop a BCP you will reflect on:

- ▶ what your key business product is – to identify the key resources and operations for your business to keep running; and
- ▶ to think about strategies for mitigating risk of natural disasters and preparing for response actions.

**The table on the next page will help you to understand the steps involved in the process of developing and implementing a BCP. Please note that only the first six steps will be the objective of this learning module.**



You can find some recommendations on steps 7 to 10 in the Take Home Tools attachment.

## Process of developing and implementing a business continuity plan

Steps covered by this learning session.

Determining key business product

Identifying key resources (assets and inputs) to produce your key business product

Identifying key operations and evaluation of tolerated downtime

Mapping-out risk areas

Preparing a set of possible threat scenarios and identifying cost effective actions

Designing and validating the BCP

Designing and rolling out communication procedures

Designing and delivering training on BCP

### Steps to be done after the learning session

Implementing the BCP

### Steps to be done during the crisis

Gathering lessons learnt and adjusting the BCP

### Steps to be done after the crisis

Session 4	Outputs	Identification of key business product	Quantification of the costs of non-delivery of the key business product for different time intervals
Activity 1			



### Activity 1

#### What is your key business product?

Good business continuity plan for natural disasters involves setting priorities and working on the most important ones first. Your priorities should be the things that can have the biggest impact on: your bottom line, the result you want to achieve, and the survival of your business.

A **business priority** can be either a good or a service (hereinafter we will refer to either one or the other as “product”) that your firm produces and delivers to the market. If your firm fails to deliver that specific product over a period of time, all of your business activities may be compromised. A certain period of disruption can be tolerated, but beyond that period, losses become unaffordable.

Nonetheless, products that are not selected as business priorities are not to be ignored or dismissed by the enterprise: their production will be resumed when conditions return back to normal. Priority needs to be given to the key business product(s) that will help the business recovery from the disaster, and ensure the survival and success of the business post-disaster.

#### Step

# 1

#### Measuring the importance of a product

Individually, reflect on your business and decide what is your key business product (in reality there could be several key business products but for this learning session, please select one). Next, draw it in the table on the next page and complete with the information required.



5 Minutes

Remember that for measuring the importance of a product, the two most important things to look at are:

- ▶ the percentage of the income generated through its sale out of the total firm’s income; and
- ▶ the costs involved in failure to deliver that product on time.

## Key business product

Percentage of income generated out of total firm's income: %

Step

2



10 Minutes

## Quantify delayed delivery costs

Working individually, quantify the non-delivery or delayed delivery costs that your enterprise would have to take on in case of natural disaster under each of the below-mentioned categories. Costs of non-delivery should be determined with respect to a set of reference periods. In this case you will refer to three scenarios, i.e. short (seven days), medium (30 days), and prolonged (90 days).

For each scenario, you will proceed by providing a short description and quantification of the costs. Finally, sum them up to calculate the total costs for each interval.

Non-delivery or delayed delivery costs			
Costs categories	1st interval 7 days	2nd interval 30 days	3rd interval 90 days
<b>Legal</b> (e.g. penalties applied by the client and/or by the competent public authority)			
<b>Financial</b> (e.g. revenue loss, low-performing cash flow, loss of future revenue)			
<b>Productivity/efficiency</b> (e.g. waste of perishable resources or unproductive labour)			
<b>Total</b>			
<b>Reputation</b> (e.g. clients' confidence and loyalty)  As this cannot be quantify – please <b>rate on a scale of 1–5</b> (1 being low cost impact, 5 being high cost impact)			

Step

3

### Share your key business product choice for feedback and improvement

One by one, share the choice of your key business product to the group and justify why the product was selected on the basis of the income generated and costs of non-delivery (quantitative costs and reputational costs). Group members should provide constructive feedbacks and challenge each other if the justification does not seem strong.



10 Minutes

Session 4	Outputs	Visual description of key business product lifecycle	Identification of key resources (assets and inputs) for the production of the key product	Identification of key operations in the production of the key product and evaluation of tolerated downtime
Activity 2				



## Activity 2

### What are the key resources and operations?

If a product (good or service) is identified as key business product, then all resources (which include all assets, such as machineries, and inputs, e.g. raw materials, water, and electricity) and operations used in its production and sale will be key as well.

**Assets** are items your business owns that can be converted into cash. For example: cash, machineries, buildings, equipment, furniture, and tools, among others.

**Inputs** are resources that are used for the production process to create the product (also known as output). For example: people, raw materials, energy, and finance, among others.

The goal of a business continuity plan is to preserve and secure these important resources (assets and inputs) in order to have them always available, in the right quantity and at the right time, to ensure the production of the key business product. Having a complete inventory of the key resources and operations is a necessary step for identifying how to secure them in case of a disaster.

Step

# 1

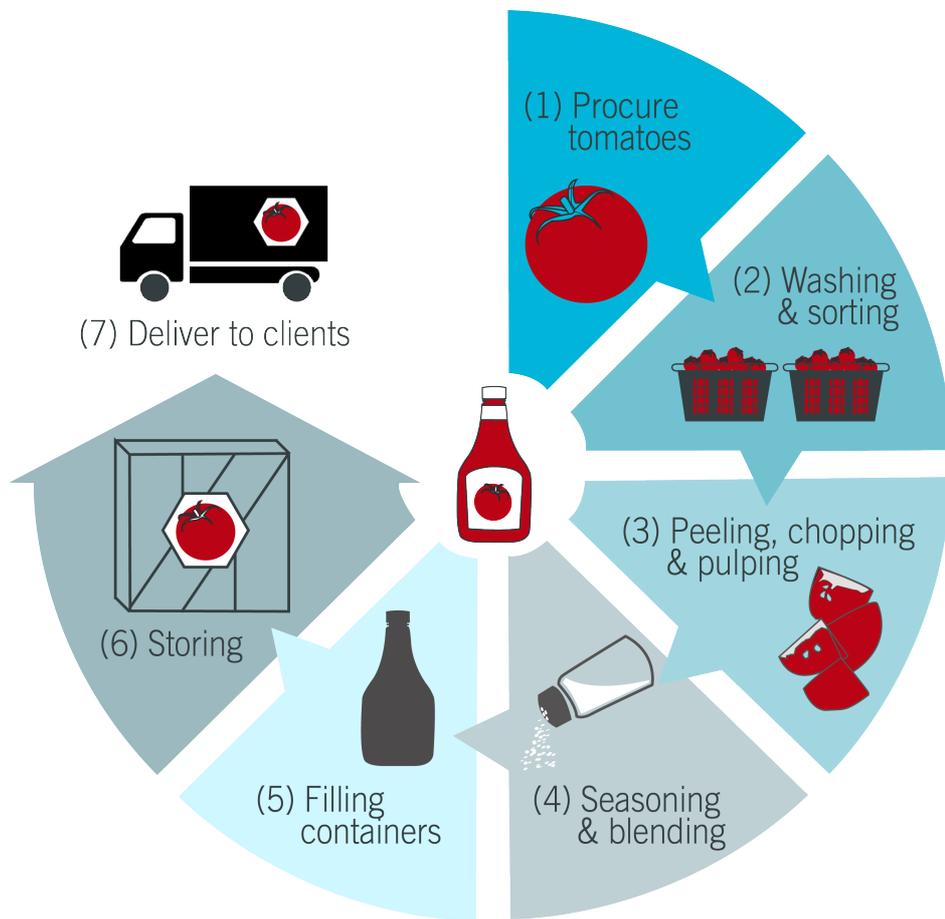
### Draw the life cycle of your priority product

A **product life cycle** describes all the production stages of a good or service. In this activity, look at the example provided below and complete the table on the next page by writing each step of the life cycle of you key business product, starting from the procurement of inputs (raw materials), to the production and sale of the output. This activity will help you see your key resources and operations.



10 Minutes

## Example key business product: Tomato sauce life cycle



You can find an example of a **service life cycle** in the Take Home Tools attachment.

## Your key business product life cycle

## Complete an assets/inputs table based on your product's life cycle

Individually, fill in the following table by looking at list the activities identified from the previous step (your key product life cycle) and select three key activities, complete the rest of the table by:



10 Minutes

1. Quantifying the tolerated downtime (i.e. how long operations can be put on hold);
2. Identifying strictly necessary assets and inputs; and
3. Make a check mark next to the inputs required (fourth column), if the input is regularly supplied from outside.

Remember that you could have the best business continuity plan in place but, if your key supplier(s) do not and are also affected by the disaster, you will not be able to procure the goods and services you need to continue running your activity.

As an example, let's take activity 2 (washing and sorting) from the tomato sauce life cycle: in this case the assets required would be a washing machine and plastic boxes while the inputs needed are water, electricity, and tomatoes. Given the large quantity of stocks usually present in the firm, this operation can have a tolerated downtime of four working days. After that period, the enterprise would run out of stocks and without this operation the firm cannot operate anymore.

Example: Tolerated downtime, assets, and inputs			
Steps	Tolerated downtime	Assets required	Inputs required
Activity 2	4 working days	1) Washing machine	1) Water <input checked="" type="checkbox"/>
		2) Plastic boxes/baskets	2) Electricity <input type="checkbox"/>
			3) Tomatoes <input type="checkbox"/>

## Tolerated downtime, assets, and inputs

Steps	Tolerated downtime	Assets required	Inputs required
Activity 1		1)	1) <input type="checkbox"/>
		2)	2) <input type="checkbox"/>
		3)	3) <input type="checkbox"/>
		4)	4) <input type="checkbox"/>
Activity 2		1)	1) <input type="checkbox"/>
		2)	2) <input type="checkbox"/>
		3)	3) <input type="checkbox"/>
		4)	4) <input type="checkbox"/>
Activity 3		1)	1) <input type="checkbox"/>
		2)	2) <input type="checkbox"/>
		3)	3) <input type="checkbox"/>
		4)	4) <input type="checkbox"/>

Step

3

### Share your experience with the group

Each group member shares their experience with either a prolonged downtime or a prolonged shortage of supplies and explains how he/she faced the situation.



10 Minutes

Remember that the downtime could refer to only one part of the production flow, not necessarily to all of the activities.



### Activity 3

#### What are your biggest threats and risks to business continuity?

Now that you are more familiar with the concept of key business product, key resources (assets and inputs), and operations/business downtime – you can perform a **risk assessment** of key resources in relation to key natural hazards, to help you better prepare your business continuity plan.

This activity will help you visualize the impacts on your key resources that can have the highest risks and threats to your business continuity – knowing what your biggest threats and risks are can help you prioritize your preventive and response actions for areas with the highest risk.

#### Step

# 1

#### Key resources needed for the production of your key business product

Work in pairs (or group of three) to help each other fill in the following table. Earlier today, you agreed on the three natural hazards that are the most realistic threat to businesses in your industry or area in **step 1** of **session 3**. For each of the three natural hazards identified:



15 Minutes

- ▶ List your key business product (previous identified).
- ▶ For column 1: List potential impacts of the hazard on your key resources. Think of how that natural hazard can affect the assets and inputs you need for producing your key business product.
- ▶ For column 2 and 3: Estimate the tolerated downtime and expected downtime of your business for each impacted key resource listed. For tolerated downtime, think how long can your business operate without that resource (you can look at the previous activity, **activity 2**). For expected downtime, estimate how long you think it will take, before the impact on that resource is resolved.

Leave the other columns empty, as you will be working on this in the next step.

## Mapping-out risk areas

Natural hazard 1:

Key business product:

Impact on key resources	Tolerated downtime	Expected downtime	Severity of impact (difference in downtime)	Likelihood	Risk (Using the graph)

## Mapping-out risk areas

Natural hazard 2:

Key business product:

Impact on key resources	Tolerated downtime	Expected downtime	Severity of impact (difference in downtime)	Likelihood	Risk (Using the graph)

## Mapping-out risk areas

Natural hazard 3:

Key business product:

Impact on key resources	Tolerated downtime	Expected downtime	Severity of impact (difference in downtime)	Likelihood	Risk (Using the graph)

Step

# 2



10 Minutes

## Record your risk assessment

Review the table in **step 1** and complete it with missing information.

For each key resource, list:

- ▶ For column 4: Calculate the difference between the downtimes to assess the severity of the impact, by:  
*(expected downtime – tolerated downtime = severity of the impact).*

The higher the difference, the higher the severity of the impact. Label the severity using: insignificant (0 or below), minor, moderate, serious, or disastrous.

- ▶ For column 5: Estimate it's likelihood to happen. Label the likelihood using: very likely, likely, moderately likely, unlikely, or very unlikely.
- ▶ For the last column: you will use the risk matrix below designed by the ILO and record your risk assessment. Matching the two indicators (severity of the impact and likelihood) in the matrix. For example, if the severity of the impact is minor but very likely to happen there is a medium risk (yellow cell).

		Severity				
		Insignificant	Minor	Moderate	Serious	Disastrous
Likelihood	Very likely					
	Likely					
	Moderate likely					
	Unlikely					
	Very unlikely					

## Legend:



**Very low risk:** acceptable risks not requiring any specific preventive measure.



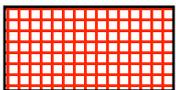
**Low risk:** acceptable risks but only to a certain extent, the potential impact is minor but not fully negligible.



**Medium risk:** risks that require some degree of preparedness and mitigation; they become more and more likely, with an increasing potential impact.



**High risk:** risks that require preparedness and mitigation. For these risks, it is smarter to invest in reducing their magnitude rather than shouldering the costs of the damage.



**Very high risk:** risks that should either be avoided or removed because their magnitude is extremely high.

Session 4	Outputs	Identification of threat scenarios	Identification of actions required to mitigate the risks and respond effectively to natural disasters	Cost-benefit analysis of the further actions to be taken
Activity 4				



## Activity 4

### What are your best precaution and response actions?

In this activity, you will find the best actions to address risks identified in previous activity through scenario planning, prioritizing these actions, and analysing the alternatives to identify the most cost-effective actions. Starting with scenario planning.

**Scenario planning** (also referred to as scenario thinking) was originally used in military settings as a method to make strategic and flexible decisions in environments presenting a high degree of uncertainty. An enterprise operates in a complex environment, where multiple factors come to play – including disaster risk. Once risks are identified, you should proceed with identifying a set of possible scenarios that take into account the uncertainties you detected in the previous step. Scenarios are simplification of possible realities, and are helpful for you to reflect upon how you should act in one or the other situation.

**Step 1 Practice scenario planning**  
As a group discuss two possible solutions to each of the problems presented below.

# 1



10 Minutes

### What if...

You lost power supply

Key documents were destroyed

Your supplier went out of business

The services you need such as roads and communications were closed

Step

# 2

## Traffic light exercise

Each participant will now fill the table below. For each of the three key natural hazards identified earlier in in **step 1** of **session 3**, write down for every key resources:



15 Minutes

- ▶ Precautions (before the disaster occurs): what have already been implemented and what further action might be necessary.
- ▶ Response actions (once the disaster already occurred): what have already been implemented and what further action might be necessary.
- ▶ Then use the traffic lights in the table to help prioritize actions.

When no action has been taken to prevent, reduce, or eliminate the risk and the risk represents a high-level potential harm – make a tick on the “red” rectangle.

When some action has been taken to address the risk but further efforts are needed, including continued observation – make a tick on the “yellow” rectangle.

When risks have already been identified and all possible actions have been taken to prevent, reduce or eliminate harm – make a tick on the “green” rectangle.

Traffic light exercise					
Natural hazard scenario 1:					
Major impacts on key resources (risks):					
Precautions: Solution for preventing the risks			Response actions: Solution for responding to the disaster		
What are you already doing?	What further action is necessary?	Traffic light	What are you already doing?	What further action is necessary?	Traffic light
		■			■
		■			■
		■			■

**Natural hazard scenario 2:**

**Major impacts on key resources:**

Precautions: Solution for preventing the risks			Response actions: Solution for responding to the disaster		
What are you already doing?	What further action is necessary?	Traffic light	What are you already doing?	What further action is necessary?	Traffic light
		<div style="background-color: red; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: yellow; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: green; width: 20px; height: 20px; margin: 0 auto;"></div>			<div style="background-color: red; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: yellow; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: green; width: 20px; height: 20px; margin: 0 auto;"></div>

**Natural hazard scenario 3:**

**Major impacts on key resources:**

Precautions: Solution for preventing the risks			Response actions: Solution for responding to the disaster		
What are you already doing?	What further action is necessary?	Traffic light	What are you already doing?	What further action is necessary?	Traffic light
		<div style="background-color: red; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: yellow; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: green; width: 20px; height: 20px; margin: 0 auto;"></div>			<div style="background-color: red; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: yellow; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="background-color: green; width: 20px; height: 20px; margin: 0 auto;"></div>

Step

# 3



15 Minutes

## Perform a cost–benefit analysis

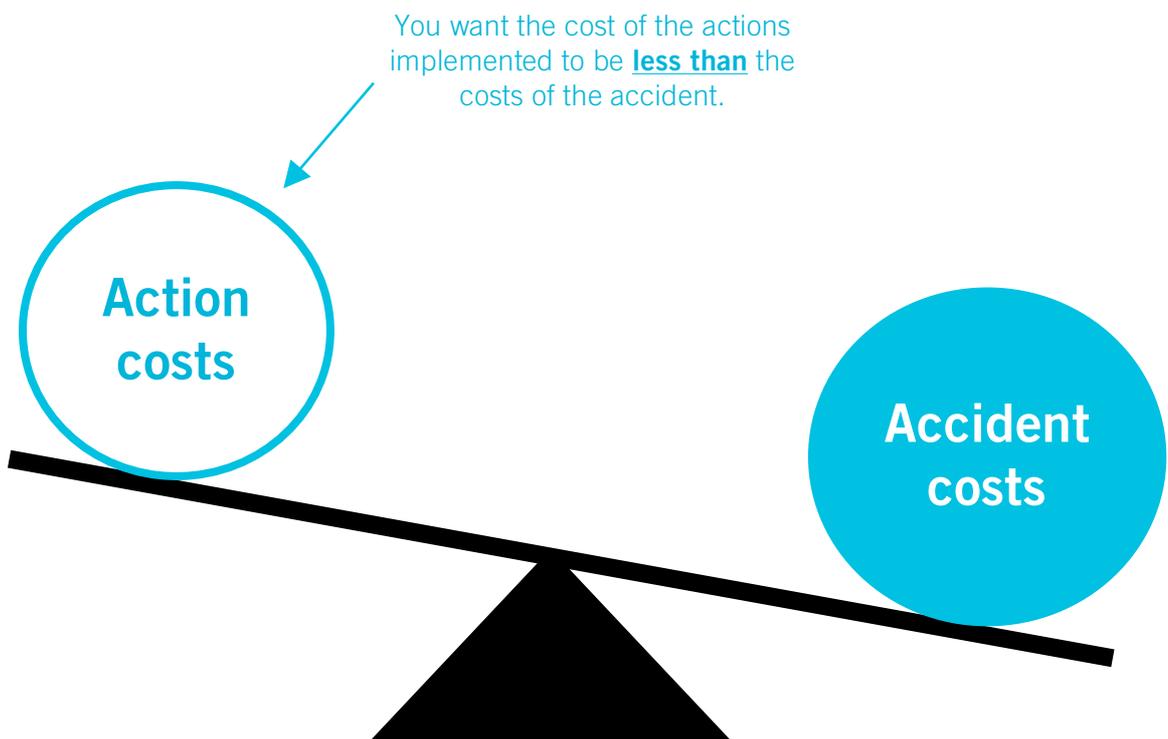
Now that you have identified further actions required in **step 2**, you will perform a cost–benefit analysis of the actions to be taken. A **cost–benefit analysis** is a simple activity for comparing the strengths and weaknesses of different alternatives to help you decide on the most cost-effective action.

Working individually, using the following table:

- ▶ list the actions to be taken and estimate their costs of implementation; and
- ▶ estimate the costs (in terms of non-delivery of the key business product and damages to key resources) to take on in case of natural disaster.

Note: Earlier today you completed an activity for the costs of non-delivery of the product, you can refer back to **activity 1** from **session 4** to help you complete this column.

Once you filled the tables below with the required information, compare each cost of implementing the action to be taken with the costs of the accident: if the former are very low with respect to the accident costs that means that the actions are cost effective and should be implemented. Otherwise remember you would have to think of alternative actions requiring less financial resources for their implementation.



## Natural hazard scenario 1

Preventive/response actions to be taken	Estimated cost of implementation	Ranking by priority	Estimated accident costs
			1) Costs of non-delivery of the key business product:
			2) Costs of damages to key resources:
			<b>Total:</b>
Conclusion: Select first three priorities			

## Natural hazard scenario 2

Preventive/response actions to be taken	Estimated cost of implementation	Ranking by priority	Estimated accident costs
			1) Costs of non-delivery of the product:
			2) Costs of damages to key resources:
			<b>Total:</b>
Conclusion: Select first three priorities			

### Natural hazard scenario 3

Preventive/response actions to be taken	Estimated cost of implementation	Ranking by priority	Estimated accident costs
			1) Costs of non-delivery of the product:
			2) Costs of damages to key resources:
			<b>Total:</b>
Conclusion: Select first three priorities			



# Session 5

## Action planning

### Goal

To understand how to design and develop a business continuity plan by applying the tools learnt through the learning module and good practices from other businesses.

This page has been intentionally left blank and can be used for note taking during activities.

# Session 5 Overview



45 Minutes



## Materials needed

Learning manual, pens, markers and poster paper

## Assign a reader

Select one member of the group to read out loud the information and instructions in session 5.

## Assign a timer

Select another member of the group to monitor the time for each activity and alert the group when it is time to move on to the next activity.

**The previous session guided you through the process of developing a business continuity plan:**

- ▶ know your key business product;
- ▶ identify related assets, inputs and operations;
- ▶ analyse the potential risks and impacts of natural hazards on your business; and
- ▶ identify cost-effective actions to reduce the impact of the risks and to respond quickly.

**This part is dedicated to the last step of the process:**

- ▶ Design and implement your business continuity plan (BCP).

Step

**Prepare a business continuity plan**

1

Working in pairs to help each other (or a group of three), each participant will consolidate all info gathered through previous activities and prepare a business continuity plan by completing the following tables with the information required. In this activity group members should focus just on the three hazards that represent the biggest concerns for their business.



20 Minutes

Note that for the “risk rating” column (which could take the following values: very low, low, medium, high, very high) think of:

- ▶ the likelihood of the natural hazard to occur;
- ▶ the vulnerability of the enterprise;
- ▶ the impact on key resources and expected downtime of operations.

Priorities of the actions to be taken are rank according to the risk assessment. Higher the risks (impact on key resources and expected downtime of key operations) higher the priority. Remember also to look back at the traffic light exercise.

Disaster scenario 1				
Hazard:		Season/month:		Risk rating:
Impact on key resources	Preventive or response actions to be taken	Estimated cost	Ranking by priority	By when

## Disaster scenario 2

Hazard:

Season/month:

Risk rating:

Impact on key resources	Preventive or response actions to be taken	Estimated cost	Ranking by priority	By when

## Disaster scenario 3

Hazard:

Season/month:

Risk rating:

Impact on key resources	Preventive or response actions to be taken	Estimated cost	Ranking by priority	By when

Step

2

## Share risk control measures/action responses

As a group, share the most interesting risk control measures/action responses and discuss the ways in which those good practices suggested by others could be applied to each participant's own factory. Are there any changes you would make to improve your own firm using these lessons? If yes, please write them down in the table below.



10 Minutes

### Good practices to improve my business

Practice 1

Practice 2

Practice 3

Step

3

### Business case reflection

As group, return to the business case study (**session 1**). Would you like to revise any of your recommendations for the Cebu Seafood Company owners, given what you have learned in this module?



5 Minutes

What additional recommendations do you now have on how they could improve their ability to withstand a natural disaster and what they can do in advance to reduce any impact?

Step

4

### Training and support for further preparations

Now that you have learned BCP strategy for your business – which would become more resilient when adopted in case of natural hazards, discuss as a group which are, in your opinion, the main obstacles and challenges for SMEs.



10 Minutes

At the end of the discussion, individually complete the table below by identifying at least three areas of business learning you would like to undertake.

If you still have doubts or need further information on the available services or learning – you can contact your local business association.

## Areas of learning to improve my business

**In Business learning:**

**Other training and support:**

This is the end of the learning module.

## **Business continuity planning for natural disasters**

Enterprise development, growth, and enhancement for micro, small and medium-sized enterprises through business networks

This learning module is designed for micro, small and medium-sized enterprises in disaster-prone areas. It will support SMEs to better prepare for natural disaster situations by introducing basic risk management concepts, tools, and mechanisms, which help design and implement a Business Continuity Plan (BCP). Upon successful completion, SMEs will be able to anticipate, identify, assess, and prepare responses to natural hazards that threaten not only the financial status but also the sustainability and survival of the enterprise.

**DECENT WORK**

A better world starts here.

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