Business Continuity Toolkit

Business Impact Analysis
Methodology & Guide

March 2021

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Welcome to the Business Continuity Toolkit

- The COVID-19 pandemic has shone a spotlight on how quickly things can change for a business.

- You never really expect the unexpected, so it's useful to plan ahead for change and crises.

- The Halifax Partnership has developed a Business Continuity Toolkit to help small and medium sized businesses plan for changes and crises, whether it is a pandemic or another type of disruption.

The Why, What and How of the toolkit

Why – The Halifax Partnership has prepared this guide to help small- and medium-sized business facing challenges in a time of crisis.

What – The toolkit is set of guides, templates, webinars and additional resources which will help businesses with planning and building resilience to prepare and respond to crises, whether it's a pandemic or any other critical challenge.

How – The toolkit has been designed for busy people who are juggling many challenges. It can be used to create a resilience plan to prepare for major disruptions and crises.

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Business Resilience Lifecycle

Business resilience overview

Step 1: Understand your business processes

Step 2: Examine how each process is affected by a disruption, and the resources it requires to continue operating
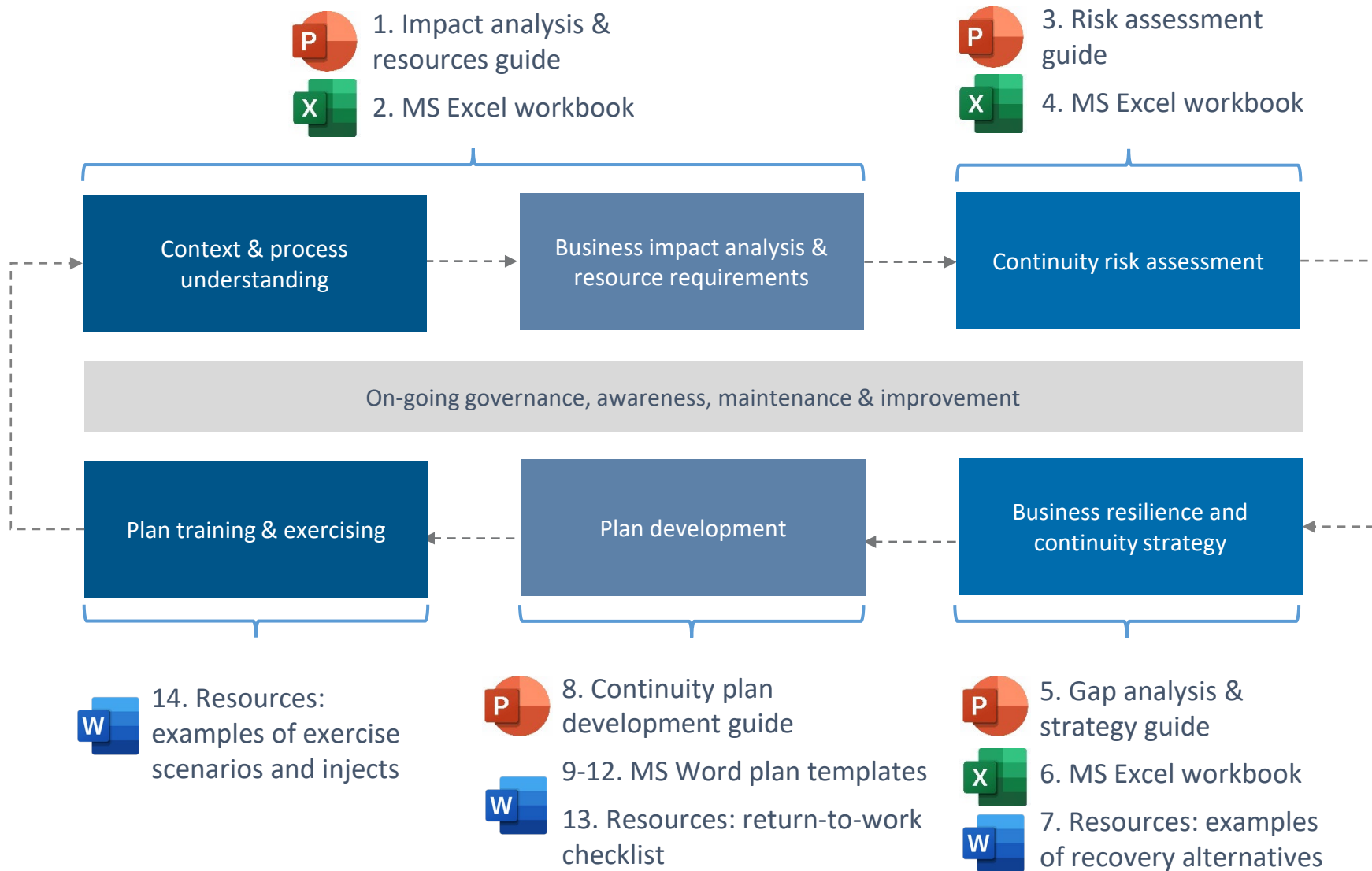
Step 3: Assess relevant disruption risks

Step 4: Develop a continuity strategy

Step 5: Develop continuity plans

Step 6: Test continuity plans and continue to revise

Toolkit components

1. Impact analysis & resources guide

2. MS Excel workbook

3. Risk assessment guide

4. MS Excel workbook

Context & process understanding	Business impact analysis & resource requirements	Continuity risk assessment

On-going governance, awareness, maintenance & improvement

Plan training & exercising	Plan development	Business resilience and continuity strategy

Webinar #1 – Business Resilience Basics

Webinar #2 – Business Resilience Lessons from the Pandemic

Webinar #3 – BCM Toolkit Walkthrough

14. Resources: examples of exercise scenarios and injects

8. Continuity plan development guide

9-12. MS Word plan templates

13. Resources: return-to-work checklist

5. Gap analysis & strategy guide

6. MS Excel workbook

7. Resources: examples of recovery alternatives

Methodology

Process Discovery & Business Impact Analysis

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The 3 steps for defining business requirements

For each step, the toolkit provides a guide:

1. **Process Discovery Guide:** enables you to document your business processes, provide a description and identify the process owner.

2. **Impact Analysis Guide:** enables an assessment of impact over time for each process that would occur if the process is disrupted over specific timeframes.

3. **Resource Requirements Gathering Guide:** this section enables you to identify your resource requirements for each critical business process to operate at its minimum service level, including people, equipment, facilities, technology, third party dependencies and inventory.

Stage 1: Business process discovery

Small and medium sized business owners and managers understand their businesses better than anyone.

In planning for a crisis, it is helpful to review key processes and resources which support business services and products.

The business impact analysis is the process of examining and documenting this information to understand how disruption can affect these activities, for example, supply chains, facilities, human resources or payroll.

Stage 2: Business impact analysis

Once you have the "business as it is now" picture, look at how disruption will affect each part and the whole, including:

- What is the "worst-case scenario" in a 1 month timeframe?
- What are the "worse-case scenarios" over extended timeframes of 3 months, 6 months, one year?
- At what point in time will the business cease to function?
- What is required to extend time frame of business failure?

Stage 3: Minimum resources required

Once you understand of which processes will be impacted by disruption, you will allocate resources to operate each process at the minimum acceptable capacity, including:

- Staff and key personnel
- Specialized equipment and machinery
- Facilities / workplaces
- Technology systems and means of communications
- Third parties
- Vital records – data and documents
- Inventory and finished goods.

Key Resources

Next steps

Once the process discovery is complete, the impacts are assessed and resource requirements are gathered, the following next steps should be taken:

1. Review the results with relevant internal stakeholders, and if applicable, external stakeholders to ensure alignment of recovery timeframes and minimum service levels.

2. Obtain sign-off on the results from supervisors/management.

3. Proceed to the next step: business continuity risk assessment.

Key terminology

Maximum Allowable Outage (MAO) – the time it would take for adverse impacts, which might arise as a result of not providing a product or service, to become unacceptable.

Minimum Business Continuity Objective (MBCO) – minimum level of services or products that is acceptable to the business to achieve its business objectives during a disruption.

Recovery Time Objective (RTO) – the period of time following a disruptive event within which the product or service must be resumed, or resources must be recovered.

Key terminology – chart

The following key terms will be utilized throughout the toolkit to define timeframes and minimum levels of service:
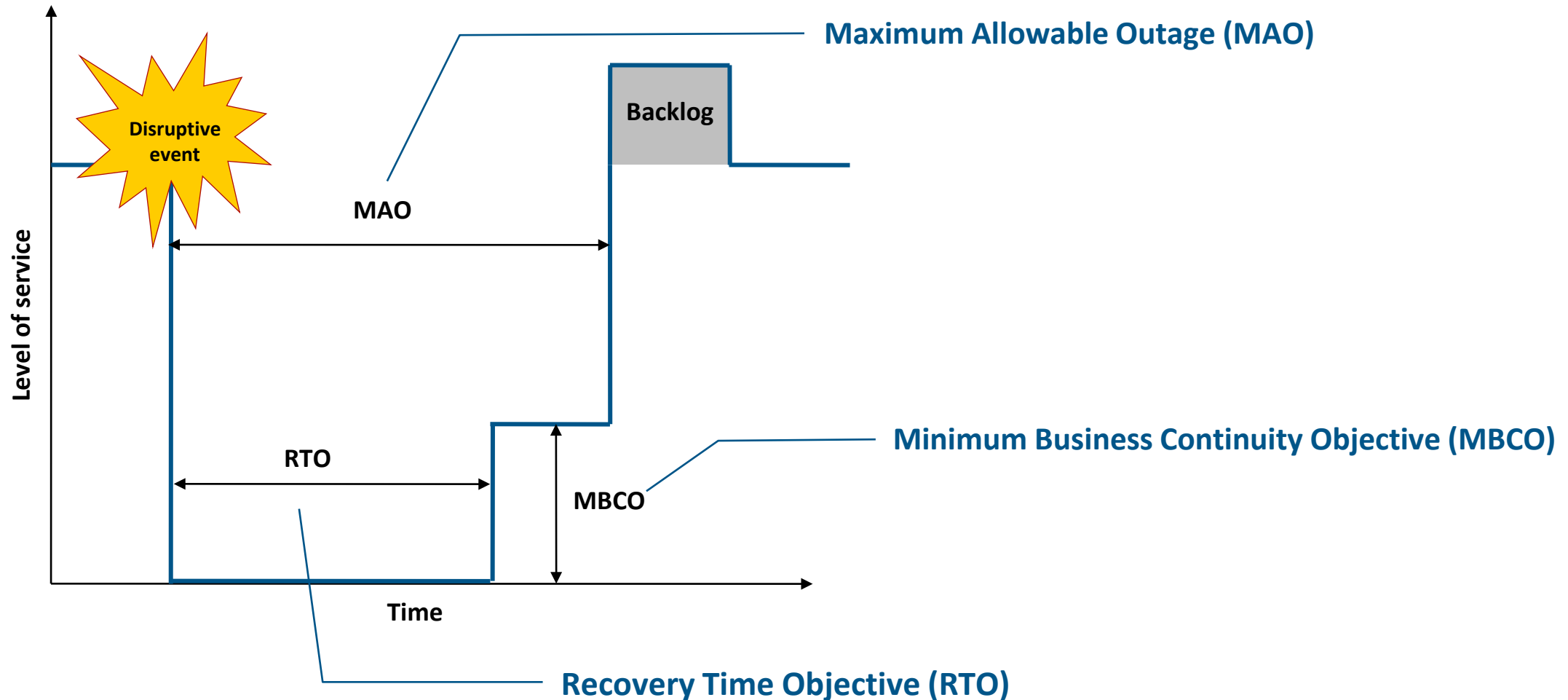
Sample risk impact scale

Each category can be tailored to your business based on specific risk tolerance and risk definitions:

Category / Impact level	Financial losses Losses resulting from missed revenues, incremental expenses or unforeseen penalties.	Operational disruption Disruption to business operations and service delivery to customers.	Reputation and stakeholder confidence Negative media coverage and loss of confidence of the customers, the general public and employees.	Legal liability and compliance Potential investigations, contractual penalties and lawsuits, or termination of management personnel.
Insignificant (1)	Financial losses <2% of the organization's annual budget	Limited impact to internal non-critical activities with no external stakeholders impacted	No adverse media coverage and no perceived impact by external stakeholders	No breach of contracts or memorandums of understanding (MOUs) and no disciplinary actions for middle-management
Minor (2)	Minor financial losses 2-5% of the organization's annual budget	Limited impact to internal activities with partial disruption to non-critical processes	Some adverse local media coverage, but doesn't threaten the organization's public image or stakeholder confidence	No breach of contracts/MOUs with monetary fines and some internal disciplinary actions for middle-management
Moderate (3)	Moderate financial losses 5-10% of the organization's annual budget	Full operational disruption for multiple non-critical processes or partial disruption for a critical process	Adverse local media coverage, but doesn't materially threaten the organization's public image or stakeholder confidence in the long-term. Stakeholders request information on the disruption	Delay in performing contractual/MOU obligations but without a breach of agreement with monetary fines, and some internal disciplinary actions for senior management
High (4)	Major financial losses 10-20% of the organization's annual budget	Full operational disruption for one or more critical processes and customer services	Significant stakeholder concern and adverse provincial media coverage, with a medium/long term impact on organaization's public image or stakeholder confidence	Significant breach of contracts/MOUs with monetary fines, potential termination of management members
Catastrophic (5)	Losses exceeding 20% of the organization's annual budget	Full operational disruption to a large number of critical processes and customer services	Significant loss of public confidence and adverse national (Canadian) media coverage, with a long term impact on the organization's public image or stakeholder confidence	Widespread breach of contracts/MOUs with monetary fines and termination of contracts, potential termination of management members for negligence or criminal cause

1. Process discovery – guide

The first step is to identify your key business processes and map them across the business based on products / services or team structures.

A process can include groups of related activities to achieve an outcome, such as internal payroll or order fulfilment for a particular category.

You will find the following table in the first tab of the process discovery and BIA workbook:

Enter department / section name

Add the business process name

Describe the process to clarify the aim of this activity

Add the name of the person who is responsible for this process

Department / area (if applicable)	Process name	Process description	Process owner
Finance	Internal Payroll	Compensating employees for their work. Involves calculating total wages and applicable tax withholdings.	John Smith

2. Impact analysis – guide

Once you have identified a list of your business processes, assess the impact and "worst case scenarios" across the time periods in which they will occur.

Categories	0h	<4 hours	<8 hours	<24 hours	<48 hours	<1 week	<1 month
Financial losses	1	2	④	5	5	5	5
Operational disruption	1	2	3	3	4	5	5
Reputation and stakeholder confidence	1	2	3	3	5	5	5
Legal liability and compliance	1	2	3	3	5	5	5

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2. Impact analysis – guide

You will find the following table in the second tab of the process discovery and BIA workbook:

Assess impact of disruption over time for each category from 1 to 5

Describe what happens if this process is disrupted

These are calculations based time frames for failure, recovery, service level and worst-case scenarios

Include a cross-reference to other internal processes

Impact of disruption over time

FIN-1 - Internal Payroll

Disruption impact categories	0h	4h	8h	24h	48h	72h	1w	1m	>1m
Financial losses	1	1	1	1	1	1	1	1	1
Operational disruption	1	1	1	1	1	2	3	4	4
Reputation and stakeholder confidence	1	1	1	1	1	1	1	2	3
Legal liability and compliance	1	1	1	1	1	1	1	1	1

Rationale for impact-over-time ratings
Inability to pay staff. After two weeks of disruption, personnel attendance would be severely impacted.

Recovery targets	
Maximum Allowable Outage (MAO)	1 month
Recovery Time Objective (RTO)	2 weeks
Minimum level of service (MBCO)	At least the ability to repeat the last payroll cycle without modification
Worst possible time for a disruption	When payroll is due

Inputs from other business processes
Timesheets

Process names and IDs
HR-1 time and attendance tracking

Outputs to other business processes
None

Process names and IDs

3. Resource requirements – guide

You will find the following table in the third tab of the process discovery and BIA workbook:

Fill in number of staff you need for each process during business as usual and at the minimum service level

Match the process for each role needed, include the number of outsourced staff, shift worker and key staff persons with specialized knowledge

These questions will help determine minimum critical resources and gaps for each process at the minimum service level

General process information

Process ID	Process name	Recovery target (RTO)	Minimum level of service	# of staff during business-as-usual	# of staff to operate at the minimum service level	Primary work location (building/site and location within)	Remote work possible?
FIN-1	Internal Payroll	2 weeks	At least the ability to repeat the last payroll cycle without modification	3	1	Company office at building x	Yes

People dependencies

Personnel roles / job titles	Minimum employees required during each timeframe							Which processes require these personnel?	Number of outsourced personnel (if any)	Is shift work possible?	Critical personnel with no trained backups
	0h	4h	8h	24h	48h	1w	1m				
Finance Manager							1	FIN-1	0	Not needed	No
Total	0	0	0	0	0	0	1				

Equipment and machinery dependencies

Equipment and machinery required for process recovery (Desktops, laptops, printers, specialized equipment, etc.)	Minimum equipment required during each timeframe							Which processes require this equipment?	What is the workaround if the equipment is not available?
	0h	4h	8h	24h	48h	1w	1m		
Laptop							1	FIN-1	None
Cheque printer							1	FIN-1	Manually fill and sign chequest

3. Resource requirements – guide

You will find the following table in the third tab of the process discovery and BIA workbook (continued):

For each resource category, answer questions that will determine minimum critical resources required to perform at the minimum service level. These questions will help identify gaps

Facilities

Name of site	Processes performed at this site
Company office at building x	FIN-1

Technology systems and communications dependencies

Application name	Which processes require this application?	Hosted in a datacenter, on end-user laptops or other location?	Recovery time (RTO)	Maximum data loss (RPO)	What are the known workarounds if this application is not available?
Financial system	FIN-1	Company datacenter	2 weeks	24 hours	Issue payroll manually and coordinate with the bank

Third party dependencies (maintenance support, outsourced services, etc.)

Third party name	Which processes require this third party?	Nature of service(s)	Backup suppliers (if known)
Bank	FIN-1	Making payroll deposits	None

Vital records

Name of critical document or dataset	Which processes require these records?	Soft Copy or Hard Copy?	Document location(s)
Monthly payroll report	FIN-1	Digital	Financial system

Inventory and finished goods

Inventory/material description	How much quantity is required (minimum inventory level)?	What is the lead time to replace or replenish this inventory at the minimum required level?
None		

Halifax Partnership Resources:

halifaxpartnership.com/how-we-help/grow-your-business/

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Thank you.

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