



Continuity of business and operations of MSMEs vis-à-vis disaster scenarios Practical Module

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C O N T E N T S

MINIMARKET "THE CHAMPION"	1
PRACTICE ACTIVITY #1 - BIA	3
PRACTICE ACTIVITY #2 – Recovery strategies	5
PRACTICE ACTIVITY #3 – Documentation of plans	6
PRACTICE ACTIVITY #4 – Desktop exercise	8

MINIMARKET “THE CHAMPION”

Minimarket “The Champion” is a family business established in the country’s capital. Its success lies in being as close as possible to the home of its customers and provide varied products and, in the case of perishable goods, fresh and optimum quality products.

In the beginning, it was a simple store; however, it grew with time through the efforts of its founders and their children who, at the death of their parents, each one decided to establish his/her own store sharing the name.

Over time, they realized that buying in bulk from their suppliers was much more convenient, as they obtained better business and payment conditions. This led them to create a holding where all the brothers are equal owners but, at the same time, the holding is owner of 40% of each store, leaving 60% to the original owner brother.

This change, led to standardize the activities of each store, mainly Sale in store, Home delivery with orders made by phone, Replenishment of products, and Price adjustment; and in turn implement some key processes such as Purchasing, Main Warehousing, Administration and Finance.

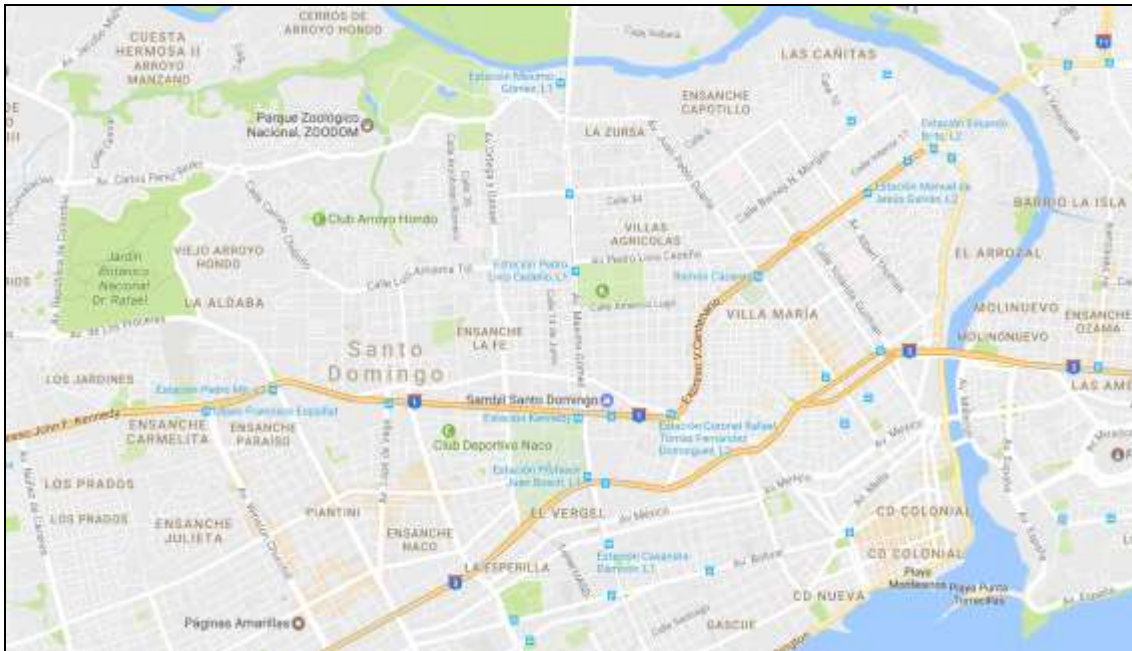
With the entry of the grandchildren into the business, they decided to incorporate automation of the sales processes, central warehouse and of each store, implementing in a centralized manner a small computer centre, where they also took advantage of configuring a website where purchases can be made via web, which are then home delivered. In addition, they centralized the telephone switchboard using the distribution by each store according to the areas covered by each one.

About 4 years ago, they had a severe fire in one of the stores which forced them to implement insurance for all of them and to implement protection measures and emergency and evacuation protocols which, to date, is maintained by the area of Administration and Finance.

Six months ago, a company similar to theirs, but located in the north of the country, suffered a severe impact due to heavy rains and flooding, which damaged 5 of its 7 stores. This has generated a great deal of concern about what to do to protect the investment made by three generations of the family.

The following map shows the geographical distribution of the 10 stores and the main warehouse that also considers the location of the main office of the holding company which, in turn, also houses the computer centre.

2



The previous year's revenue reports were as follows:

Stores	Annual Sales in Thousands of US\$			
	Sales by Business Line			General Total
	Store	Telephone	Web	
Store 01	196.00	112.00	42.00	350.00
Store 02	262.89	19.05	99.06	381.00
Store 03	335.80	64.40	59.80	460.00
Store 04	194.70	17.70	141.60	354.00
Store 05	167.32	71.20	117.48	356.00
Store 06	272.64	42.24	69.12	384.00
Store 07	228.47	61.38	51.15	341.00
Store 08	284.35	98.23	134.42	517.00
Store 09	240.48	75.15	185.37	501.00
Store 10	184.80	53.76	97.44	336.00
General Total	2,367.45	615.11	997.44	3,980.00

The Administration and Finance Department has kept a record of the events that have required some kind of preventive action. The recorded data is grouped mainly in Flooding by cyclonic season, Earthquakes exceeding grade 6 and fire outbreaks.

In the case of flooding, statistics show that over the last 5 years at least one case of flooding has occurred in the areas where stores 1, 5, 7, 10 operate, occurring also with the main office of the holding company. Although none of the floods affected the stores or the main office, the public utilities were restricted for 3 consecutive days.

In the case of earthquakes, statistics show that over the last 50 years there have been 3 earthquakes exceeding grade 6. The first of them caused severe damage in zone 8 and also in the area where the main office of the holding company is located. In the case of the other 2 earthquakes, these did not cause major damage because, at that time, the city was not developed in the affected areas. However, given the city's growth, experts expect that in the event of an earthquake exceeding grade 6, zones 5, 8 and the area where the holding's main office are located will all be affected.

In the case of fires, the available statistics are not very reliable. There is only the internal information recorded for the last 5 years, and only 2 outbreaks have occurred without major consequences.

Due to the constant concern of the owners, Minimarket has hired its work group to lead the implementation of its business continuity program.

PRACTICE ACTIVITY #1 - BIA

Considering the information from the PRACTICE case, you should identify what recovery priorities the Minimarket "The Champion" has apart from the minimum resources required for its recovery. To do this, the following steps should be followed:

1. Identify the main interested parties (example: owners)
2. Identify what is considered intolerable by the interested parties (example: losing 10% of the revenue)
3. Identify risk appetite, considering what is intolerable for the interested parties, specifically
 - a. In financial aspects (example: not to lose more than 10% of annual revenue)
 - b. In reputational aspects
 - c. In regulatory and/or legal aspects
4. Carry out prioritization of products and services (strategic BIA) considering that the greatest demand occurs the moment a standstill event occurs (and what event would this be?)
 - a. MTPD by service line
 - i. Store
 - ii. Telephone
 - iii. Web
 - b. Establish MBCOs and RTOs for service line
 - i. Store
 - ii. Telephone
 - iii. Web

4

5. Establish recovery priorities at process level (tactic BIA)
 - a. MTPD, RTO by process
 - Sale in Store #1
 - Sale in Store #2
 - Sale in Store #3
 - Sale in Store #4
 - Sale in Store #5
 - Sale in Store #6
 - Sale in Store #7
 - Sale in Store #8
 - Sales support (Restoration of products and Price adjustment) in store
 - Centralized telephone sales
 - Centralized web sales
 - Centralized sales support (Purchases and main Warehouse)
 - Centralized Administration and Finance
 - b. Dependencies among processes

6. Establish minimum resources necessary for service by line and key processes (Operative BIA)
 - a. Sale in store
 - i. Key staff
 - ii. Key computer applications
 - iii. Key environment and resources for operation
 - iv. Key suppliers
 - b. Sales by telephone
 - i. Key staff
 - ii. Key computer applications
 - iii. Key environment and resources for operation
 - iv. Key suppliers
 - c. Sales by web
 - i. Key staff
 - ii. Key computer applications
 - iii. Key environment and resources for operation
 - iv. Key suppliers
 - d. Purchases and administration of the main warehouse
 - i. Key staff
 - ii. Key computer applications
 - iii. Key environment and resources for operation
 - iv. Key suppliers
 - e. Administration and Finance
 - i. Key staff
 - ii. Key computer applications
 - iii. Key environment and resources for operation
 - iv. Key suppliers

PRACTICE ACTIVITY #2 – Recovery strategies

Considering the information output from the BIA, you should identify what strategies you propose for service lines and for the support processes.

1. Define the recovery strategy in the event of a **store** standstill
 - a. Environment and resources for operation
 - b. Necessary applications and connectivity scheme
 - c. Necessary persons and alternative scheme for finding replacements
 - d. Alternative suppliers if needed
 - e. What minimum measures of protection would you propose for the stores?

2. Define the recovery strategy in the event of a standstill of telephone sales
 - a. Environment and resources for operation
 - b. Necessary applications and connectivity scheme
 - c. Necessary persons and alternative scheme for finding replacements
 - d. Alternative suppliers if needed
 - e. What minimum measures of protection would you propose for the location where the telephone sales are carried out.

3. Define the recovery strategy in the event of a standstill of Web sales
 - a. Environment and resources for operation
 - b. Necessary applications and connectivity scheme
 - c. Necessary persons and alternative scheme for finding replacements
 - d. Alternative suppliers if needed
 - e. What minimum measures of protection would you propose for the data centre where the Web sales are carried out?

4. Define the recovery strategy in the event of a standstill of the **main processes (purchases, warehouse management, administration and finance)**
 - a. Environment and resources for operation
 - b. Necessary applications and connectivity scheme
 - c. Necessary persons and alternative scheme for finding replacements
 - d. Alternative suppliers if needed

5. Define the recovery strategy in the event of a standstill of the **computer centre**
 - a. Technological infrastructure to consider
 - b. Data replication scheme to consider
 - c. Considerations of location and physical environment to take into account
 - d. Connectivity scheme with the stores and the customers
 - e. Necessary persons and alternative scheme for finding replacements
 - f. Alternative suppliers if needed

6

PRACTICE ACTIVITY #3 – Documentation of plans

Considering the information output from the BIA and the Strategies, you should document the continuity plans for the Minimarket “The Champion”.

1. Develop the **Crisis management plan (or incident management)**
 - a. Roles of the Crisis Management team
 - b. Persons per Role
 - c. Possible meeting locations (crisis room locations)
 - d. Minimum equipment of the Crisis Room (EOC)
 - e. Activities to be carried out
 - i. Evaluation and convening of the committee
 - ii. Identification and record of incidents
 - iii. Decision making
 - iv. Convening a meeting for follow up and evaluation (return to step ii while incidents occur)
 - v. Closing of the committee
 - f. Alternative communication schemes among team members
 - g. Key contacts
 - i. Members of the crisis committee
 - ii. Leaders for recovery of the continuity plans
 - iii. Staff
 - iv. Suppliers
 - v. Authorities

2. Develop the **Emergency evacuation plan (only Fire scenario for a store)**
 - a. Roles of the Emergency Brigade
 - b. Persons per Role
 - c. Minimum equipment necessary for Evacuation
 - d. Activities to be carried out
 - i. Evaluation and activation of alarms
 - ii. Deployment of brigadiers
 - iii. Determination of secure evacuation routes
 - iv. Conduct secure evacuation
 - v. Staff headcount
 - vi. Support to injured
 - vii. Treatment of fatalities
 - viii. Search for people
 - ix. Rescue and protection of assets
 - e. Alternative communication schemes among the staff and brigadiers
 - f. Key contacts
 - i. Members of the brigadiers team
 - ii. First responder authorities
 - iii. Hospitals and clinics
 - iv. Suppliers

Develop the **Communications Plan** in crisis

- a. Roles of the communications team in crisis
 - b. Possible meeting locations
 - c. Minimum equipment necessary for the communications team in crisis
 - d. Scenarios
 - i. Scenario
 - ii. Audience affected by the scenario
 - iii. Spokesperson per scenario
 - iv. Recommended mechanism for contacting each audience
 - v. Key message per audience and scenario
 - e. Activities to be carried out
 - vi. Evaluation and convening of the communications team in crisis
 - vii. Confirmation of affected audiences
 - viii. Confirmation of message delivery mechanisms
 - ix. Confirmation of key messages to be delivered
 - x. Conducting communications and impact evaluation
 - f. Alternative communication schemes among team members
 - g. Key contacts
 - xi. Members of the communications team in crisis
 - xii. Spokespersons
 - xiii. Media and opinion makers
 - xiv. Communication suppliers and legal support
3. Develop a Business Continuity Plan (one for store operations, one for telephone sales, one for website sales, one for main processes)
- a. Roles of the recovery team
 - b. Summary of the strategy to be used and scenarios for which they function (including locations of the main office or alternative scheme if applicable)
 - c. Recovery priorities
 - i. Defined MTPD and MBCO
 - ii. Key processes and RTOs within the scope of the plan
 - d. Activities to be carried out
 - i. Initial evaluation of damages
 - ii. Activation of the alternative scheme
 - Mobilization
 - Validation of requisites of the alternative location
 - Commencement of operations and stabilization at the alternative location
 - iii. Deactivation of the alternative scheme
 - Definition of the return plan
 - Definition of the return date and its accomplishment
 - e. Alternative communication schemes among team members
 - f. Key contacts
 - i. Members of the recovery team
 - ii. Crisis committee

8

- iii. Suppliers
4. Develop the Disaster Recovery Plan **(for information systems)**
 - a. Roles of the recovery team
 - b. Summary of the strategy to be used and scenarios for which they function (including locations of the alternative computer centre if applicable)
 - c. Recovery priorities
 - i. Key applications and RTOs
 - ii. Business processes and services supported by each application
 - d. Activities to be carried out
 - i. Initial evaluation of damages
 - ii. Activation of the alternative scheme
 - Immediate activation (if applicable)
 - Mobilization
 - Validation of requisites of the alternative location
 - Commencement of operations at the alternative location
 - Stabilization
 - iii. Deactivation of the alternative scheme
 - Definition of the return plan
 - Definition of the return date and its accomplishment
 - e. Alternative communication schemes among team members
 - f. Key contacts
 - i. Members of the recovery team
 - ii. Crisis committee
 - iii. Suppliers

PRACTICE ACTIVITY #4 – Desktop exercise

Considering the information output from the previous activity, you should participate in a desktop exercise led by the instructor. For this, the following injectors shall be used:

Injector 1 (first 4 hours)

On Saturday at 5:30AM, the day with the most sales, a multiple attack occurs in the embassy of country ABC and at the ambassador's holiday house. Coincidentally, both locations are very close to store 3 and the main office where the holding and main warehouse are located.

The Red Cross, firemen and national guards arrive at both locations and spread a fence that allows them to control the damages presented, and provide first response to the affected people and homes.

Coincidentally, store 3 shares a wall with the ambassador's house, so the bomb was planted in a hidden manner in the store on Friday night. The fire was generated from inside the store, spreading further to the ambassador's house.

Fire fighters were able to arrive in 30 minutes, so a large part of the store was seriously affected by the fire and the use of water to put out the fire.

Expected results: apply emergency plan for store 3.

Injector 2 (4 to 12 hours)

In the case of the main office, this is located 2 blocks from the site of the attack but one of the water hydrants is at the front of the building; therefore, the police closed access to the area to facilitate the work of fire-fighters. At approximately 8:00 AM, by manoeuvres of one of the vehicles, the hydrant was struck and broken, reason for which the water was spilled uncontrollably, flooding the adjacent facilities, including the main office.

The flood could not be controlled immediately and the public service company was barely able to arrive at 10:30 am, so the warehouse and the computer centre located on the first floor were partially flooded.

Although support providers have been convened to prevent flooding, the fact is that the computer centre has been severely affected as well as the products that were in the lower part of the warehouse.

Expected results: apply crisis management plan.

Injector 3 (Within the first 24 hours)

The crisis committee has decided to take advantage of the people's solidarity with the minimarket, so it needs to activate as soon as possible the alternative scheme for the store and the main office and use it as a symbol of the message it wants to give: "terrorism cannot stop us". Also, the crisis committee wishes to implement a very aggressive communication scheme to demonstrate to the community its commitment to recovering its operations.

Expected results: apply continuity plan for the store, continuity plan for the processes located at the main office and communication plan in crisis.