

know risk

Ansvar Insurance Ltd. Level 18, 303 Collins St Melbourne, Victoria 3000. ABN 21 007 216 506 AFSL 237826
Members of the Ecclesiastical Insurance Group

Preparing a Disaster Recovery Plan (Business)

It is estimated that fires alone permanently close up to 44% of businesses affected, largely because they have no contingency plans in place.

The financial environment in which businesses find themselves today is one of intense competition. So it is vital that the business gets back to full operation as soon as possible after an incident.

Why Plan?

In the event of a serious fire, a business may be required to close during the rebuilding period, commonly for up to two years or more. Heritage listed buildings or those where compliance with local planning regulations or fire prevention legislation cause delays, are likely to have this period extended even further.

What is the anticipated result of such a prolonged closure?

1. Customers take their business elsewhere
 2. New customers cannot be attracted
 3. Customers lose confidence in the business
 4. The competitive edge of the business is lost
 5. Staff will seek employment elsewhere
- Remember that serious interruption to your business can be caused by natural disasters other than fire, such as; storm damage, floods, or terrorism.

Recent terrorist attacks and pandemic threats have raised the awareness for the business community to consider some form of contingency planning in the event of a disaster.

The First Step

On the basis that prevention is better than cure, it is preferable not to suffer a significant loss in the first place.

To this end, the business should carry out a 'risk assessment' to identify areas which present a hazard. The best people to carry out this exercise are your employees as they will have first-hand knowledge of the premises and work processes.

Having identified the 'risk areas' the degree of risk presented can then be assessed for each area. Many identified risks can be reduced or controlled by adopting proactive loss reduction measures.

Prepare the Plan

Having carried out the Risk Assessment, you will be aware of many risks that will have an impact upon your business objectives. You can now prepare plans that can be put into effect if an adverse risk does occur.

1. Appoint a Steering Committee

This team will assume control in the event of a disaster occurring. Selected from senior management, the team should:

- have commitment from the top
- ensure allocation of sufficient resources
- consist of representatives from all main areas of the business eg; administration, production, heads of departments, maintenance, distribution and so on.

Note: do not have all your key staff in the team. You will still need someone to run the business.

2. Appoint a Disaster Recovery Plan (DRP) Coordinator

This will be the person in charge of the team; there should also be a deputy coordinator. The nominated person should:

- be a senior manager or executive
- have appropriate authority to ensure decisions are implemented immediately.

3. Objectives of the DRP

The main purpose of the DRP is to enable your business to:

- continue to operate as normally and as possible
- progress back to normal working with as short a delay as possible
- cause the least possible inconvenience to staff, customers and visitors
- minimise the risk of accident, injury or ill health to customers and staff.

The DRP comprises two parts: The first part is the Emergency Plan and the second part is the Recovery Plan.

4. Develop Emergency Plan

This relates to the first 24 hours following any emergency event:

- fire
- flood
- terrorist alert/explosion
- serious injury or illness to customers, visitors or staff.

Following is a checklist covering many of the points to be considered when formulating the Emergency Plan.

a) Evacuation procedure

- Who telephones the emergency services?
- Who sounds the fire alarm system?
- Who is in charge overall?
- To where do staff and visitors evacuate?
- Does anyone attempt to fight the fire?
- Who does a roll call of staff and visitors?
- Who inspects the buildings to ensure that the evacuation is complete?

b) Liaison

- Who will liaise with emergency services (how will they be identified)?
- Who will liaise with staff, visitors and customers?
- Who will deal with business stakeholders?
- Who will deal with the press/media?

c) Treatment of casualties

- Is anyone trained in First Aid?
- Where are the First Aid kits kept?

- Who is trained in lifting/carrying?
- Where will casualties be treated?
- Counseling to whom/by whom?

d) Hazardous substances

- Asbestos in buildings, register and location plan
- Release of chemicals into the atmosphere or water courses
- Risk to neighbours

e) Temporary accommodation

- After initial evacuation, where will staff and visitors congregate? – keep in mind that the time period involved could be lengthy
- Are communication systems available?
- Where are the toilet facilities?
- Arrangements for food and drink
- Are medical facilities available?

f) Communications

- Who needs to be informed (other staff/customers/stakeholders)?
- How will staff, customers and other stakeholders be kept informed of progress?
- Staff working offsite – how will they be informed?

g) Telephone tree

- Ensures all relevant people are informed
- Do not leave one person to make all the telephone calls

h) Protection of Property

- Site security to be arranged
- Salvage to be protected
- Contact suppliers of electricity, gas and water, and intruder/fire alarm provider
- Contact local authority – they will decide whether or not the structure is safe

Site Security

- Who will provide such security?
- Is fencing required?
- Is 24-hour guard necessary?
- Vehicle parking arrangements
- Is the building habitable?

Salvage

- General furniture, carpets and so on
- Specialist firms required for carpets, computers, antiques, works of art and more
- Removal of debris – availability of local skip hire firms and contractors
- Demolition contractors required

Service suppliers

- Contact each supplier
- Is supply suitable for reconnection
- Temporary lighting, heating, electricity water supplies where necessary

Local authority

- Is building salvageable?
- Can building be occupied?
- Structural repairs needed?

i) Claims notification

- Contact at insurance company/broker
- Location, nature, time of occurrence
- Details of circumstances
- Extent of damage
- Current situation
- Who should the loss adjuster contact on site?

Useful telephone numbers

A list of people/organisations for which you should hold emergency telephone numbers is contained in the enclosures at the back of these guidance notes

5. Develop a Recovery Plan

This is the second part of the DRP. The Disaster Recovery Plan should be designed to come into action after the full extent of the disaster is known.

Following an emergency, the immediate requirements of a business are as follows:

- Essential Staff
- Premises
- Telephone / communication equipment
- Furniture
- Plant and machinery/equipment
- Stationery / IT equipment.

a) Premises

- What kind of building is required?
- Preferred location
- Consider the options
- Any specialist features required?
- Contact local property letting agencies
- What services are required- where are they available?
- Planning regulations

b) Furniture etc

- What is needed? eg. chairs, desks, carpets, storage, lighting, etc
- Who are the local suppliers?

c) Plant, machinery and equipment

- What is required?
- Available new or second-hand
- Delivery periods
- Specialist equipment requirements
- Modifications required
- Computer equipment suppliers
- Software suppliers
- Back-up records kept where?
- PC system, local network, mainframe

d) Telephones and communication equipment

- Requirements
- Mobile telephones
- Suppliers/engineers

e) Stationery

- Requirements
- Suppliers
- Over-printed/self-adhesive labels

6. Communication

It is important for staff, customers and stakeholders to be kept informed of the progress towards full recovery. This continued involvement is not only good public relations practice but will help to preserve relationships. Communication can be by many means, such as:

- Mail
- Telephone calls
- Fax messages
- Text messages
- Email
- Website

Effective communication is important for other reasons:

- Reassure potential/returning customers that you are still 'in business'
- Let people know how to contact you
- Confirm whether parking is available on site
- Supply your (new) address and telephone number

Keep suppliers informed: Suppliers will need to know where to deliver goods and also changes in normal deliveries of supplies.

Keep Australia Post informed – so they will know where to deliver mail.

7. Distribution and storage of the DRP document

The DRP document should be easily accessible and easy to follow. It need not be a bulky document – you should, in fact, aim for a fairly short document.

Full copies of the document should be kept with:

- DRP Co-ordinator with copies held on and off site
- Deputy DRP Co-ordinator with copies held on and off the site
- On site in a fireproof safe
- With each member of the DRP team.

It may be possible to reduce the length of the plan for other members of the DRP team to cover their specific areas of

responsibility- each person should keep two copies (one copy held at two different locations).

Copies of the plan should be kept in fire-resisting cabinets where possible.

8. Other Points

The plan must be kept up to date.

It is important that the DRP stays a 'living document'. The plan should be reviewed regularly to:

- ensure that any new activities are taken into account
- ensure that suppliers' details are accurate and current
- take into account any changes in personnel.

Test the plan

The only way to establish the viability of the DRP is to carry out a practical exercise.

This does not involve any drastic measures but simply requires you to arrange for the DRP team to meet and carry out a 'desktop' exercise. Assuming that the business has suffered a serious fire or other disaster- what would you do?

Source: Guidance Notes- (Version 1) Ecclesiastical Insurance Group PLC

This material is for information purposes only. It is not intended to give specific legal or risk management advice nor are any suggestions, checklists or action plans intended to include or address all possible risk management exposures or solutions.

© Ansvar Insurance Limited 2009