



# Building Your Business Continuity Plan

**WHITE PAPER**  
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# 01 Business Continuity Basics

- ▶ If you are like most business owners, you probably expect your data and telecommunications equipment to work during business hours, without a glitch. You expect computers to function and dial tones when an employee picks up the handset. You expect incoming call volumes to be handled so your organization can operate as seamlessly as possible. In short, you expect business continuity under all conditions.

So what happens when a disaster strikes and your internet or telecommunication service is discontinued for hours, days or weeks? Can your business survive?

Maybe you are in a business with zero tolerance for power failure. Think of a broker trading on the stock market. Or a health care facility that needs critical, secure medical files on hand at all times. Or financial institutions initiating hundreds of electronic transfers each day. An outage in each of these situations can cost customers, dollars, critical data and in some cases, human life.

*These are situations where a business continuity plan is essential!*

## WHAT IS BUSINESS CONTINUITY?

***Business continuity planning is performed by an organization to assure that their technology will remain 100% operational in the face of a man-made or natural disaster.***

Whether a company offers professional services or produces multi-function widgets, they use technology to operate. The loss of technology at any time can impact business relationships and the company's bottom line. In fact, in the past two years, over 50 percent of businesses experienced an unforeseen interruption, and the vast majority (81%) of these interruptions caused the business to close one or more days. <sup>1</sup>

Business continuity planning addresses the potential for these situations in advance. With some careful pre-planning, businesses can remain profitable and effective even in the face of a man-made or natural disaster and any accompanying outages. A business continuity/adaptation plan provides many important benefits:

- » The most crucial areas of operations continue to function so the organization remains profitable
- » Employees remain on the job despite the altered conditions
- » Clients continue to receive uninterrupted service
- » Lives may potentially be saved (if power is crucial to a health care function at the time of the outage)
- » The business owner can live with the peace of mind that the operation is "bulletproofed"



## BUSINESS CONTINUITY IS NOT CRISIS MANAGEMENT.

Most crisis management activities occur during or after the event in an effort to *manage* an emerging or apparent situation. Depending on the business, crisis management may include an evacuation plan for employees during the event or media relations afterwards.

Business continuity planning takes place *before* a disaster hits and is concerned with preserving an uninterrupted flow of services by the business in the event of an unfortunate incident. The business continuity solution is like the National Guard. It is always there, but only called into service when the disaster strikes.

## BUSINESS CONTINUITY IS INDIVIDUAL TO EACH COMPANY.

Every business has its own processes, objectives and technological requirements for success. Therefore the business continuity plan must be tailored specifically to the company's needs. What works for one business may not work for someone in a different industry, or even for a competitor.



*Every year, an estimated \$104 billion to \$164 billion goes down the drain due to power interruptions, while another \$15 billion to \$24 billion is lost from poor power quality such as voltage fluctuations, power surges and spikes.*

– *dieselserviceandsupply.com*

## YOUR COMPANY'S BUSINESS CONTINUITY NEEDS

So what business continuity needs does your business have?

Answering this question is the first step in developing a plan. The majority of businesses have three critical functions that are susceptible to downtime:

- » Internet Access
- » Phone Service
- » Applications & Hardware

Depending on the department within the company, the importance of these systems may vary. (See Fig. 1, and 1.5) For example, the ability to place outgoing calls to prospects is more critical for sales representatives than for people in the accounting department.

Likewise, the importance of these many functions varies between industries. For example, a non-profit company needs access to outgoing telecommunications to solicit donations. However, an online retailer may find internet access the most essential critical function to receive orders and offer customer service by chat.

The key to functioning despite the loss of a critical function can be summed up in one word:

### **Redundancy**

**FIG.1: BUSINESS FUNCTIONS IMPACTED BY SERVICE, HARDWARE AND POWER OUTAGES (BY DEPARTMENT)**

<i>DEPT.</i>	<b>Phone</b>	<b>Internet &amp; Data</b>
<b>Inside Sales</b>	Call center environment dependent on incoming and outgoing calls	Prospect research, email functions and order submittal
<b>Outside Sales</b>	Dependent on mobility features and cellular integration	Remote access to CRM software and email functionality
<b>Operations</b>	Dependent on mobility features and cellular integration department dependent on two-way communications with customers	Email functionality, mapping applications, technical research, training, remote access for technical staff, CRM integration with service staff and access to CRM for account management

**FIG.1.5: BUSINESS FUNCTIONS IMPACTED BY SERVICE, HARDWARE AND POWER OUTAGES (BY INDUSTRY)**

<i>INDUSTRY</i>	<b>Phone</b>	<b>Internet &amp; Data</b>
<b>Retail</b>	Orders and reservations	Credit card purchases and POS system functionality
<b>Non-Profit</b>	Phone banks and donations	Donor records and databases
<b>Manufacturing</b>	Communication with customers and vendors that impact the manufacturing of products	Email functionality, product drawings or schematics, access to internal applications and CAD system
<b>Healthcare</b>	Patient appointments, 911, faxing orders and collaboration	Sending and receiving images, email, research, patient records, scheduling and electronic medical records
<b>Financial</b>	Access to investors and exchanges	Trades, research, media/current events, database access and historical trends

## REDUNDANCY

In the business continuity world, the word redundant means “superfluous” or something that is “extra” or “non-essential” but is put in place in order to preserve the status quo in the event of an outage. Redundancy puts alternate resources into place that are called into service when needed. For example, at home, families may have a backup generator. The generator is “redundant” in that it is not necessary, until power is lost.

Perhaps the most common example of redundancy in business is data back-up. Most businesses regularly do (or should!) back-up their data, but the back-up is only needed if their data is lost.

The cornerstone of business continuity is building redundancies into a plan that makes sense for the organization if it loses one or more critical functions. Organizations choose their redundancies based upon the needs of the business and the technologies that are most critical to their day-to-day operations.

### **Top 10 Industries That Would Be Affected Most by a Power Outage**

1. Manufacturing Industries
2. Financial Corporations
3. Consulting and Information Technology Services (IT)
4. Data Centers
5. Perishable Items
6. Control Centers
7. Medical Facilities
8. Military Operations
9. Entertainment Venues
10. Safety and Security

– dieselserviceandsupply.com



40% of businesses that experience a critical IT failure go out of business within one year.

– The Gartner Group

## ADAPTATION PLANS

Another, more positive pseudonym for a “disaster recovery plan” is an “adaptation plan.” While “disaster recovery” is a common term to describe what occurs in the aftermath of an event, the term “adaptation plan” describes a roadmap for the business to continue in the face of the newly created condition.

The two terms are interchangeable.

***Disaster Recovery = Adaptation Plan.***

## DOES YOUR BUSINESS NEED A PLAN?

The vast majority of organizations surveyed (86%) had experienced one or more instances of system downtime during the past 12 months that had, on average, lasted 2.2 days. Businesses calculated that the lost productivity due directly to this downtime costs them each approximately USD \$366,363 per year.<sup>2</sup>

While it can be argued that *every* business needs an adaptation plan, some organizational characteristics create a greater need.

- » The size of the business
- » The frequency of critical function loss on a daily basis
- » Hosting data on the cloud
- » Importance of critical functions to the business
- » Common weather conditions and patterns
- » Percent of business affected by the loss of each critical function

## FIG. 2: DO YOU NEED TO ADDRESS BUSINESS CONTINUITY?

*This exercise will help you decide if your company is a good candidate for an adaptation plan.*

Do you feel you need a business continuity plan in place right now if you experience an outage?	Y	N
Do you have a company with 20-30+ handsets?	Y	N
Do you lose productivity each year because of equipment failure or circuit outages?	Y	N
Does your business host applications in the cloud?	Y	N
Do you have critical peak hours where a loss of internet or phone connectivity would SEVERELY impact your business?	Y	N
Do you experience frequent (more than 2X a year) outages because of weather in your location?	Y	N
<b><i>If you lost phone service for one business day....</i></b>		
Your business would NOT be able to operate from a smart phone.	Y	N
Would it significantly jeopardize your relationships with your clients?	Y	N
Would it jeopardize your ability to provide quality customer service?	Y	N
Would you lose a significant amount of revenue or potential new business for that week?	Y	N
Would any lives be at risk?	Y	N
<b><i>If you lost internet access for 12 hours...</i></b>		
Your business could NOT operate from a smart phone.	Y	N
Would it significantly jeopardize your relationships with your clients?	Y	N
Would it jeopardize your ability to provide quality customer service?	Y	N
Would you lose a significant amount of revenue or potential new business for that week?	Y	N
Would any lives be at risk?	Y	N

***If you have answered yes to EIGHT or more questions, you should consider an adaptation plan for business continuity.***

Yes Total

# 02 Conditions for an Adaptation Plan

## WHAT IS A DISASTER?

When businesses prepare for a disaster, they must recognize that there are two kinds: natural and man-made.

Natural disasters are those most people think of when they hear the term “disaster.”

- » Earthquakes
- » Hurricanes
- » Tornados
- » Blizzards
- » Floods
- » Ice Storms
- » High Winds
- » Lightning Strikes

Any and all of these can interrupt power, bring critical services like internet and telecommunications to a screeching halt and trigger the activation of the adaptation plan.

However, man-made disasters can be just as destructive the more common disasters that plague businesses include:

- » Connectivity Outages
- » Amateur IT Staff
- » Digging Accidents
- » Arson
- » Poor Maintenance Practices
- » Cyber Attacks
- » Fraud
- » Computer Hacking
- » Employee Sabotage

The likelihood of being affected by a natural disaster is dramatically affected by the location of the operation. For those companies that have overseas subsidiaries, their adaptation plan should address the redundancies needed for their overseas locations in addition to their headquarters.

Only a business owner can determine what qualifies as a disaster for their company, and which threats are the most likely and could most seriously affect their operations.

According to a survey conducted by The Gartner Group, only 35% of SMBs have a comprehensive disaster recovery plan in place. However, the financial impact of not having one can be staggering. Some industries, such as manufacturing, can lose as much as \$6.45 million per hour of downtime. <sup>3</sup>



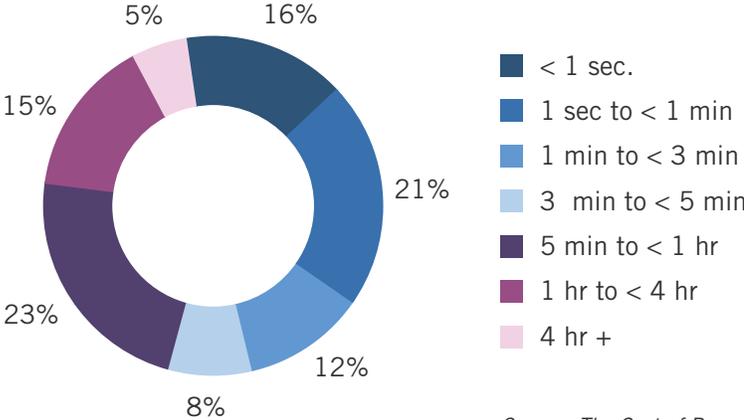
*NFIB National Small Business Poll says man-made disasters affect 10% of small businesses, whereas natural disasters have impacted more than 30%.*



# FINANCIAL EFFECTS OF A DISASTER

It is good practice for a business owner to be aware of the financial effects from the loss of critical function. The quiz below will help you calculate what your company loses in revenue for each minute of company downtime caused by an outage.

Average Length of Power Outages in a Year



Source: The Cost of Power Disturbances to Industrial & Digital Economy Companies.

## FIG. 3: HOW WOULD A DISASTER FINANCIALLY IMPACT YOUR BUSINESS?

### Tangible / Direct Costs

Lost transaction revenue.....	\$ _____
Lost wages.....	\$ _____
Lost inventory.....	\$ _____
Remedial labor costs.....	\$ _____
Marketing costs.....	\$ _____
Bank fees.....	\$ _____
Legal penalties from not delivering on SLA.....	\$ _____

Calculate your daily loss:

### Intangible / Indirect Costs

Lost business opportunities.....	\$ _____
Loss of employees and/or employee morale.....	\$ _____
Decrease in stock value.....	\$ _____
Loss of customer/partner goodwill.....	\$ _____
Brand damage.....	\$ _____
Driving business to competitors.....	\$ _____
Bad publicity/press.....	\$ _____

**Total**

*How can you afford NOT to have an adaptation plan?*

# 03 Adaptation Plan Considerations

## OBJECTIVES OF AN ADAPTATION PLAN

Although the objectives of a company adaptation plan are individualized, some are standard and achievable through advanced planning with an experienced business continuity expert.

- » Continued operation of critical functions
- » Data storage security and preservation
- » Uninterrupted employee productivity
- » Preserved profitability throughout the disaster

### **A. Assess Your Current Infrastructure.**

Your technology expert should have a clear understanding of how your business works and what functions are critical to various departments within the organization. They should assess what redundancies you currently have in place and where your mission critical functions are unprotected. They should also evaluate your data bandwidth to ensure it can support your continuing critical functions.

## CREATING A STRATEGY

Having an adaptation plan in place prior to an event has many advantages, including financial ones. Most companies will charge more for on-demand, immediate assistance, including emergency trip and labor charges as well as materials. In contrast, businesses with plans in place may be charged an ongoing minimal maintenance fee, which could ultimately translate to better ROI in the case of a disaster.

When you've decided the time is right to create an adaptation plan for your company, the next step is to find an experienced business continuity expert to help you. Then together, you can begin to take the four critical steps towards building the plan:

It's also important to address any existing, identified single point of failure. These could be the result of inadequate cabling and circuitry, or even weather conditions. For example, a company with underground, inadequately protected copper wiring may lose connectivity every time it rains and the wire gets wet.



## CREATING A STRATEGY (CONT.)

### ***B. Next, identify the trouble spots and tie a value to them.***

In this step, imagine some disaster scenarios ask yourself how your business would handle them. What problems occur regularly? What could potentially occur? How would your business get through it? What would you need that you don't have? What would it cost the company if you didn't have redundancy in certain situations? The answers to these questions will help the expert prioritize your needs within the plan.

It's also important to include other voices in the process. Seek input from various key individuals within your company, not just the head of IT. The sales manager, the marketing team and the accounting team will all have different needs and objectives to address that should be considered.

### ***C. Design A Solution.***

Finally, the expert should be able to design a solution that addresses the problems and offers solutions for maximum continuity. While no company should ever in good conscience, guarantee 100% continuity against ALL POSSIBLE SCENARIOS, many can safely offer 95-99% by using smart, well-designed redundancies for their clients:

- » Off-site hosted data centers (called colocation centers) that are secure and offer even more redundancy
- » Voice back-up routing to other locations across town or cross country
- » Backup circuitry
- » Alternate connections (DSL lines or POTS-plain old telephone service)

- » 4G backup data routing
- » Off-site attendant menu with a pre-loaded message about the technical difficulty and providing alternate numbers to call
- » Voice Mail to Email services
- » Multiple cable entry points (if an entry point is affected by an outside force, another cable entry point will continue to supply continuity)
- » Remote Support
- » Work-from-home capabilities
- » Remote Access
- » Generator Power

### ***D. Test the Plan***

Next, your technology firm should take you through a test of the plan. (Otherwise, how do you know if it will work?) Notify all appropriate parties of their part in the test strategy well in advance and tell them their role and function in the effort. Then, cut off the primary power, activate the plan and evaluate the results. If necessary, fine tune the plan, then test, evaluate and repeat.

# 04 Adaptation Plan in Action

*Let's look at a some real life examples of adaptation plans that are standing by for implementation.*

## **CHICAGO BAKERY: KEEPING THE CALLS COMING IN... NO MATTER WHAT!**

A Chicago-based, B2B bakery with four locations and sixteen production lines came to the technology expert Xclutel for help managing their unreliable phone system. Xclutel quickly determined that the company's most mission critical technology function was their incoming phone calls. The bakery took most orders by phone, especially between the hours of 12 and 1 p.m. when the company fielded thousands of calls daily.

However, the system was not right-sized for the company or functionally networked between the locations. Voice mail was unreliable and decentralized, so each location had an individual system that had to be checked and maintained. Calls could not be transferred between locations so more calls needed to be placed. Callers often got busy signals from the overloaded circuits. Xclutel re-engineered the entire communication network including the phone system hardware to correct the functionality and simultaneously build a sustainable, adaptation plan for incoming phone traffic.

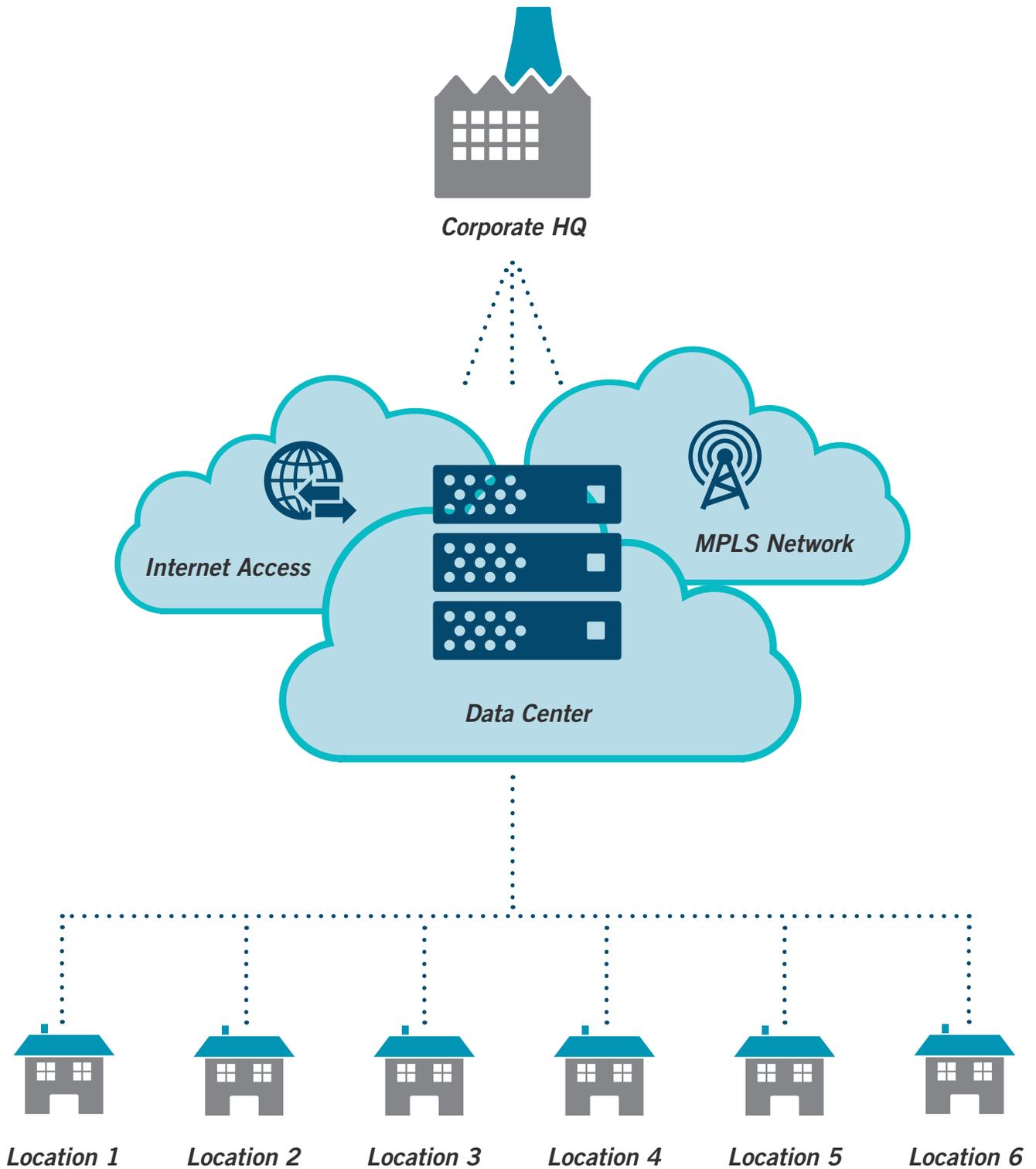
[\(See Figure 4\)](#)

## **COLOCATION IS KEY!**

The backbone of the company's adaptation plan was a strategic collocation in Xclutel's data center. If the main site goes down, calls are instantaneously redirected to another networked location or ultimately, to an auto-attendant. The call re-routing is undetected by the client or the callers.

Now the client has a dependable system for day-to-day operations, plus technological redundancies in place to adapt to any natural or man-made disaster that comes their way.

**FIG. 4: CHICAGO BAKERY NETWORK DIAGRAM**



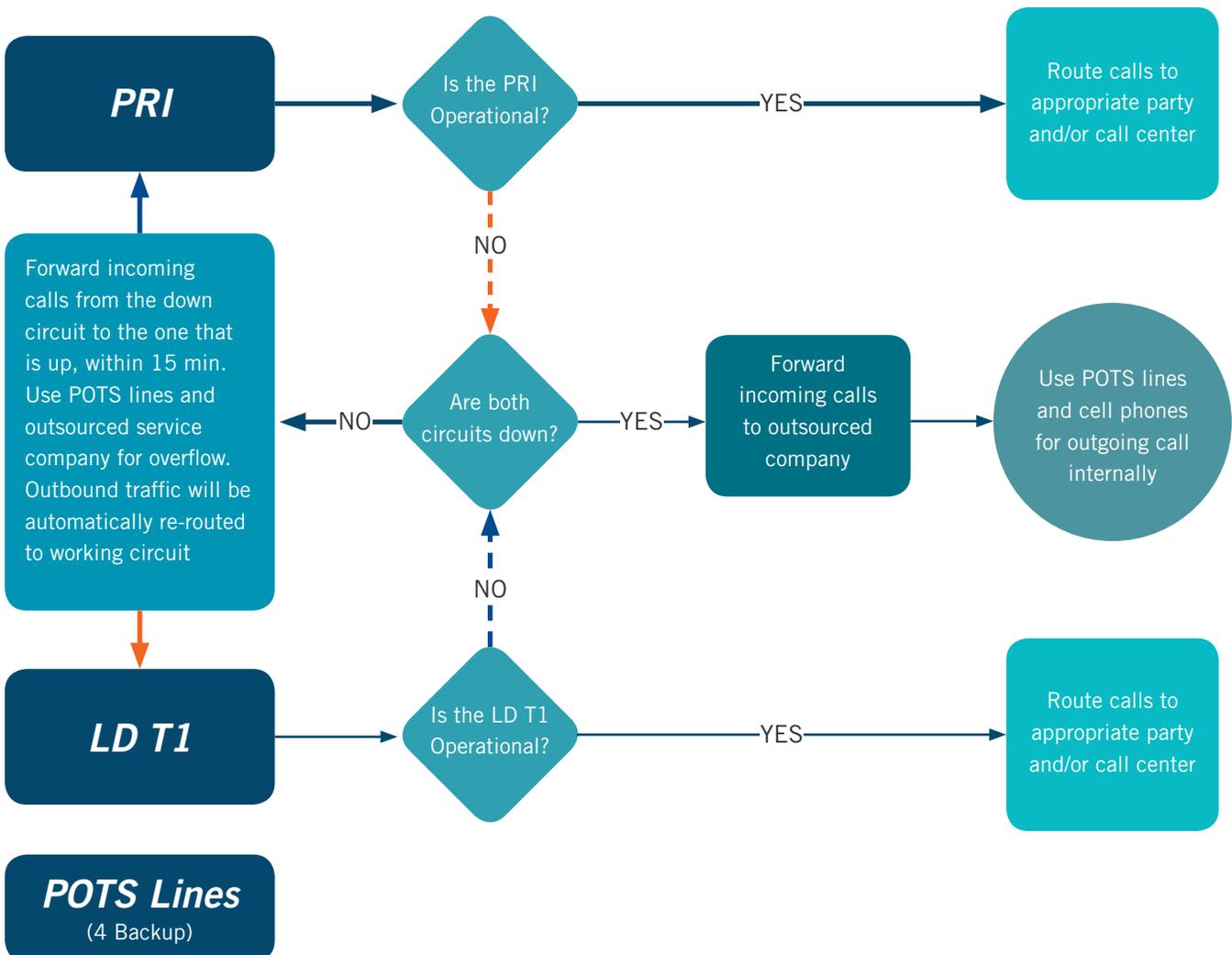
## SWIM SHOP CASE STUDY.

Here is another adaptation plan for a retail swim shop. (Figure 5) The company's PRI or Prime Rate ISDN is the main service configuration and is very popular with mid-sized enterprises because it allows 23 simultaneous voice calls over its 4-wire construction.

As shown in the diagram, the company is prepared if their PRI is compromised. As planned, the designed system will forward incoming calls to other parties or their outsourced service company within fifteen minutes of power loss.

For outgoing calls, there are four back-up POTS lines to use for overflow calls in addition to the employee cell phones. Outbound traffic will be automatically re-routed to the redundant LD T1 circuit. Users may get a "waiting for line" notification and need to wait 15 seconds to be connected.

**FIG. 5: SWIM SHOP DISASTER RECOVERY PLAN**



# 05 Choosing a Business Continuity Expert

*After you've decided to create an adaptation plan, you need to decide who will help you design the plan. Here are some do's and don'ts to look for when selecting a business continuity expert.*

## DO:

***Look for a vendor that offers a customized program.***

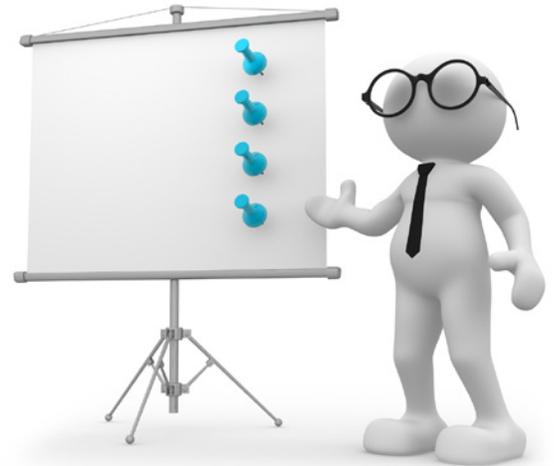
Your adaptation plan should be created for YOUR business, based on the specifics of your industry and your personally expressed needs. If you accept a “cookie cutter” plan you may be missing an opportunity to resolve issues that are unique to your organization.

***Choose an established company with a tenured staff and a record of success.***

The fate of your company's livelihood may potentially lie in the hands of the vendor you choose for the mission of creating your adaptation plan. Check references and make sure they are trustworthy and skilled at what they do.

***Find an expert who will solve the problem, not point fingers.***

A good business continuity company will be savvy at resolving issues that may arise between your company and your phone carrier, internet provider, etc.



***Ask how the company provides service.***

Some companies outsource all their services, which can lead to administrative complications later on.

***Look for a vendor that answers the phone.***

In an emergency situation, an accessible call center with live customer service is a must.

***Understand what is and is not included in the plan.***

Every provider has different options. Evaluate each carefully based upon your needs.

***Consider the adaptation plan as an insurance policy.***

Just as you insure your car or house, your business needs protection as well. While you may never use it, when you do, the need is critical.

## DON'TS:

***Don't believe you'll never have a service interruption.*** They are more common than you think.

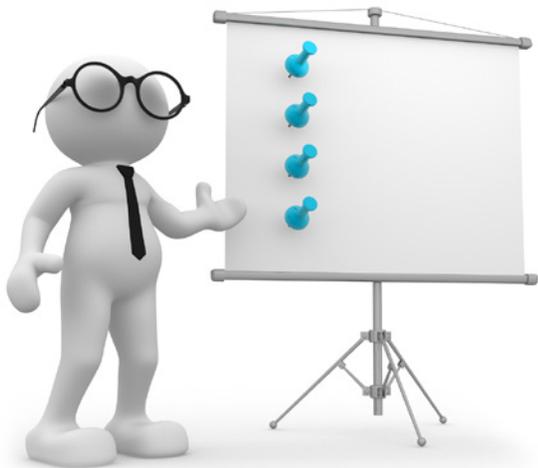
***Don't sacrifice long-term results for short-term benefits.*** The cost per month of one company might be enticing over another, but consider the plan's value in the long-term. Outstanding service from the vendor is essential. Does the company have a track record of quality service? Will the company be there for you when you activate the plan?

***Don't compare costs at face value.*** Make sure you understand all the charges or potential charges involved with your plan. Sometimes the most affordable vendor really isn't.

***Don't fall prey to gimmicky sales promotions (ex. One month free!)***

Like any major purchase, if a deal sounds too good to be true, it probably is. The buyer should beware of deals and instead concentrate on finding a partner that offers value.

The success of your adaptation plan is synonymous with the abilities and experience of your business continuity expert. If you choose wisely, you will sleep easy, knowing your company can continue to operate in the face of adversity.



# Conclusion

- ▶ An adaptation plan keeps the company's critical functions such as telecommunications, internet access, and data systems intact and operational in the face of a natural or man-made disaster. A well-crafted plan can ultimately save a company thousands of dollars, retain customers and provide impenetrable data security. It should also include strategic, technological redundancies put in place by a trustworthy business continuity expert who understands the industry, the business and specific needs of the company.

Customizing the plan is the key to developing a strategy that will stand the test of time, and the tests of mother nature and human error.

#### **Sources:**

1. 2009 Disaster Recovery & Business Continuity Survey, Agility Recovery Solutions & Hughes Marketing Group
2. "Global Disaster Recovery Index", Acronisinfo.com
3. dieselserviceandsupply.com

## **ABOUT XCLUTEL COMMUNICATIONS**

Xclutel specializes in providing customized, adaptation plans for small to medium-sized businesses to retain critical functions like telecommunications, internet access and data management in the event of an untimely outage, natural or man-made disaster. Their experienced team of business continuity experts can analyze your existing infrastructure and design a plan based upon your company's specific needs and critical functions.

The line of XCLUTEL Business Continuity products includes planning and managed service packages with basic, enhanced, and on-demand features. Xclutel serves business continuity needs in all industries including health care, manufacturing, professional services, retail and more.

Xclutel Communications was formed by industry veterans in response to the need for a more customer-focused telecommunications provider for SMBs. They partner with business owners to streamline their technology, control costs and create business continuity. They also partner with property managers to offer managed technology solutions and care programs for their tenants. The company is based in Westchester, IL near Chicago and services businesses throughout Chicagoland and Illinois.

***For a free consultation about your business continuity needs, contact Xclutel.***

Thank  
You



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