

# Business Continuity Plan

## BCP



### “Disaster Business Continuity Plan for Vyapar Mandal Shimla City” 2021

Under the project

“Enhancing Institutional and Community  
Resilience to Disasters and Climate Change”

**Submitted by**

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## Preface

Plans have no meaning if they are not able to build the capacity and resilience of the community. Disasters over the period of time have highlighted the importance of business continuity to avoid pitfalls. Hence, reducing the dangers within any organisation to keep its functions operational is very important. Under the aegis of USAID-GoI-UNDP project of 'Enhancing Institutional and Community Resilience to Disasters and Climate Change' Shimla Municipal Corporation took the initiative of preparing the first ever Business Continuity Plan for Shimla Vyapar Mandal and for the business community within the state of Himachal Pradesh. Business Community Plan (BCP) is the process of creating a system of preventions and recovery to deal with potential threats to a business during any disastrous situation. Covid-19 pandemic highlighted the need for developing the capacities of the business community within Shimla city, as they suffered great losses. The Business continuity plan will help organisations big or small to prepare themselves to face disruptions without incurring much financial losses.

In order to make the plan more practical and useful a workshop was also undertaken with the office bearers and committee members of Shimla Vyapar Mandal to draft the plan, Though there may be further need to improve this plan but the first attempt for formation of disaster business continuity plan for any Vyapar Mandal within city/ district/ state is highly appreciable.

I would like to thank Shri Ajit Bhardwaj, Additional Commissioner MC Shimla for the overall supervision of the Business continuity plan of Shimla Vyapar Mandal and Dr. Harkanchan Singh, City Project Coordinator- UNDP India for reviewing and coordinating the plan and workshop. I would also like to thank the consultant from Himalayan Association for Research and Innovation for preparing the plan which has provided a base line to the business community to prepare mitigation and recovery plans for their respective businesses. This Business Continuity plan will help steer the business community to observe the issues that need attention during disasters in order to build better businesses.



Ashish Kohli  
Commissioner

Municipal Corporation Shimla

## Foreword

Business Continuity Plan (BCP) is a document that consists of the critical information an organization needs to continue operating during an unplanned event. The plan provides a widely useful compilation of ideas, innovative approaches and practical strategies, during disasters. It is always important how your plan/ strategies help you to take away from the worst situation. It puts forth step by step guidelines defining how a business can recover from a disaster or extended disruption. A BCP helps decrease business downtime, and outlines the steps to be taken before, during and after disaster in order to maintain the business financial viability. It is sincerely hoped that this kind of plan by being unique in nature and content would help the business fraternity to work and think in heuristic manner.

I express my thanks to Dr. Harkanchan Singh, City Project Coordinator- UNDP India for undertaking such a concept which is the first of its kind to my knowledge and provides much needed inputs to the plan. Heartfelt thanks to the consultant from Himalayan Association for Research and Innovation who did research on this project and gave it a practical shape.

  
Ajit Bhardwaj  
Additional Commissioner  
Municipal Corporation Shimla



## Acknowledgements

I would like to convey my deep sense of gratitude to Hon'ble Mayor and Deputy Mayor, Municipal Corporation Shimla, for their consistent support, prudent suggestions, and constant encouragement during the course of this project.

I am very grateful to the Commissioner Municipal Corporation Shimla, Shri Ashish Kohli (HAS) for providing this opportunity to HAFRI and his admirable support that helped us a lot in completing of this project.

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I would like to convey my deep sense of gratitude to Dr. Harkanchan Singh, City Project Coordinator-UNDP, Himachal Pradesh, India, for her unforgettable help, cooperation and valuable suggestions in the compilation of the project. It has been an excellent opportunity to work with her and special thanks for her support during the interaction with members of Shimla City Vyapar Mandal.

There are not enough words to thank Mrs Vandana, who directly and indirectly supported us during the workshop which was organised for Shimla City Vyapar Mandal.

Date: 30-12-2021  
Place: Shimla



Jayoti  
President

Himalayan Association for  
Research & innovation





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## **1. INTRODUCTION**

A disaster is a destructive event that occurs suddenly and involves loss of life and property. It is considered as an undesirable destructive event resulting from the forces that are largely beyond human control, which usually strikes quickly without warning, and causes or threatens serious disruption of life and property. To prevent losses due to disasters one needs to have pre-disaster preparedness, mitigation losses and preparing at the same time for the post-disaster situation through recovery and rehabilitation. Disaster recovery focuses on how you respond after the event has completed and how you return to normalcy. The Business Continuity Plan (BCP) facilitates businessmen to keep operations functional during the event and immediately after the disaster has occurred. One important sector that gets affected during disasters like earthquake is the business community, for whom usually no disaster plan is ever thought by disaster managers.

Hence formation of Business Continuity Plan facilities is the process to develop preventive and recovery systems to deal with potential threats to business. The potential threats and disruptions mean a loss of revenue and property, which leads to a drop in profitability due to earthquake, fire, flood, disease outbreak, landslide, terrorist attack, weather-related event, and cyber-attacks. To maintain the profit, it is important to develop the business continuity plan which includes that how business will continue during the various phases of a disaster.

Shimla City, lying in zone IV of seismicity with steep slope and haphazard construction is vulnerable in context to many other disasters as well. The extreme weather conditions are the most prevalent issues

that can disrupt a business in a very short time. That's why it is essential to have a business continuity plan of Shimla City which can help in the continuity of the businesses during pandemic and disaster situation.

## **2. BENEFITS OF BUSINESS CONTINUITY PLAN**

Presently, Shimla City Vyapar Mandal does not have any business continuity plan that may help them in pandemic or disaster situations. Without business continuity plan, there are possibilities to lose consumer, staff, customer's confidence and can impact on brand reputation because in disaster times, consumers watch brands closely to see how they will perform. There are some steps which can be incorporated by the Vyapar Mandal of Shimla City for BCP during a disastrous situation:-

- a. Keep maintaining business operations
- b. Build customer confidence and preserve, maintain brand and reputation
- c. Protect supply chain
- d. Gain a competitive edge
- e. Mitigate financial risk

### **a. Keep maintaining business operations**

It is important how a businessman can keep their businesses running during crisis by mitigating financial losses and disseminating a message of stability among their staff and customers.

## **b. Build customer confidence and preserve brand and reputation**

It has come to notice that during Covid-19, customers kept expecting the services from their brand during the pandemic situation. The customers like to judge how their brands are performing during any disastrous situation. In this situation, BCP will be useful to build the confidence among their customers.

## **c. Protect supply chain**

Review of literature and secondary data highlighted that the supply chain of products totally broke down during pandemic situations. Due to pandemic the manufacturing activities as well as transportation facilities were also shutdown. Under such scenarios, a good plan will set out already-vetted options for bypassing supply chain issues.

## **d. Gain a competitive edge**

BCP will suggest how to run business in disaster situation and gain a competitive edge over their competitors. It will also help to build confidence with their customers and realized the strength of their bond and brand.

## **e. Mitigate financial risk**

Knowledge of responding quickly in case of a business disruption is an important piece of risk management. Longer the downtime the more potential the financial loss. Hence with the right plans one can pick up quickly and restore the functionality of the business where it's needed the most and keep the loss as minimal as possible.

### **3. HOW TO PREPARE BUSINESS CONTINUITY PLAN**

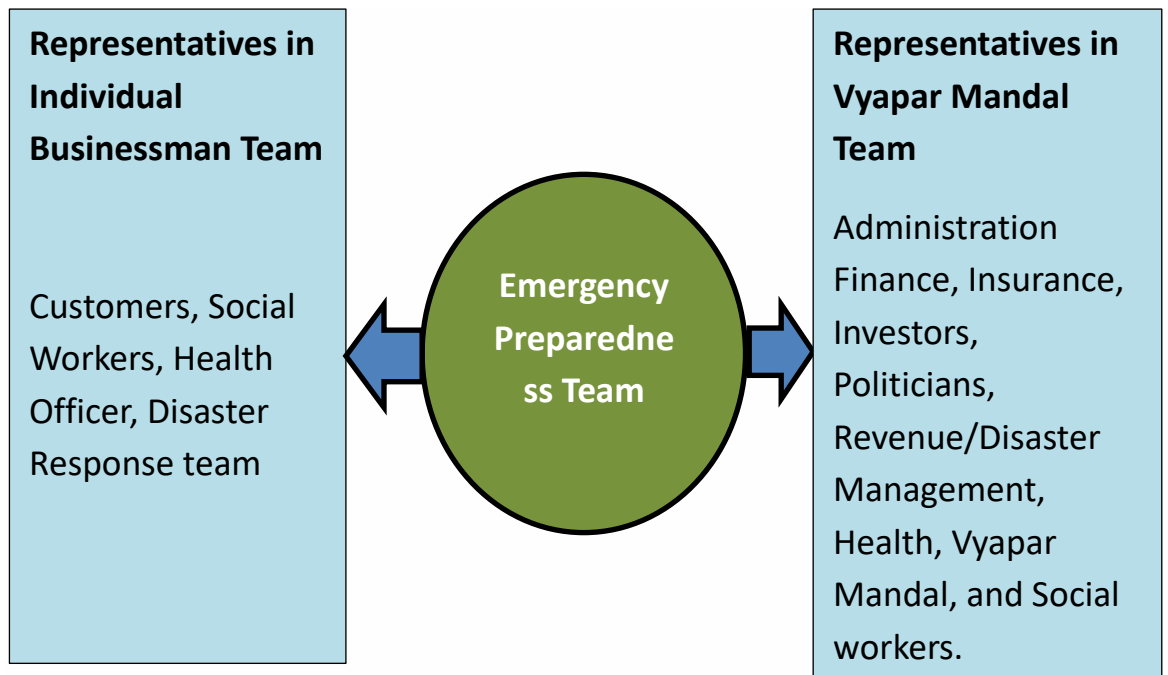
- A. Establish an emergency preparedness team/ Develop Recovery Strategies.
- B. Perform a risk assessment and Business Impact Analysis (BIA).
- C. Identify essential services.
- D. Prepare a plan for each essential service.
- E. Review and make sure every customer of business function has been addressed.
- F. Training to staff, testing, revising, and updating the plan.
- G. Recovery Strategy.
- H. Business Continuity Plan Maintenance.
- I. Approve and Implement Plan.

#### **A. Establish an emergency preparedness team/ Develop Recovery Strategies**

Shimla City Vyapar Mandal should develop a Disaster Management Committee (Fig-1) with members included from different departments/organization such as Administration, Finance, Insurance, Investors, Politicians, Revenue/Disaster Management, Health, Vyapar Mandal of other localities, and Social workers. After the formation of the committee a leader should be designated to keep things moving forward and in making decisions when necessary. The committee



should also define the role and responsibility of each member at various stages of a disaster.



**Fig.1 Emergency Preparedness Team**

(Source: Himalayan Association for Research & Innovation)

## **B. Perform a risk assessment and Business Impact Analysis (BIA)**

Depending on the level of risk, every brand as usual has different primary threats to businesses. That's why risk assessments prior to assembling a business continuity plan shall be helpful. To assess risk, a questionnaire needs to be designed by the Vyapar Mandal as shown in the table 1:-

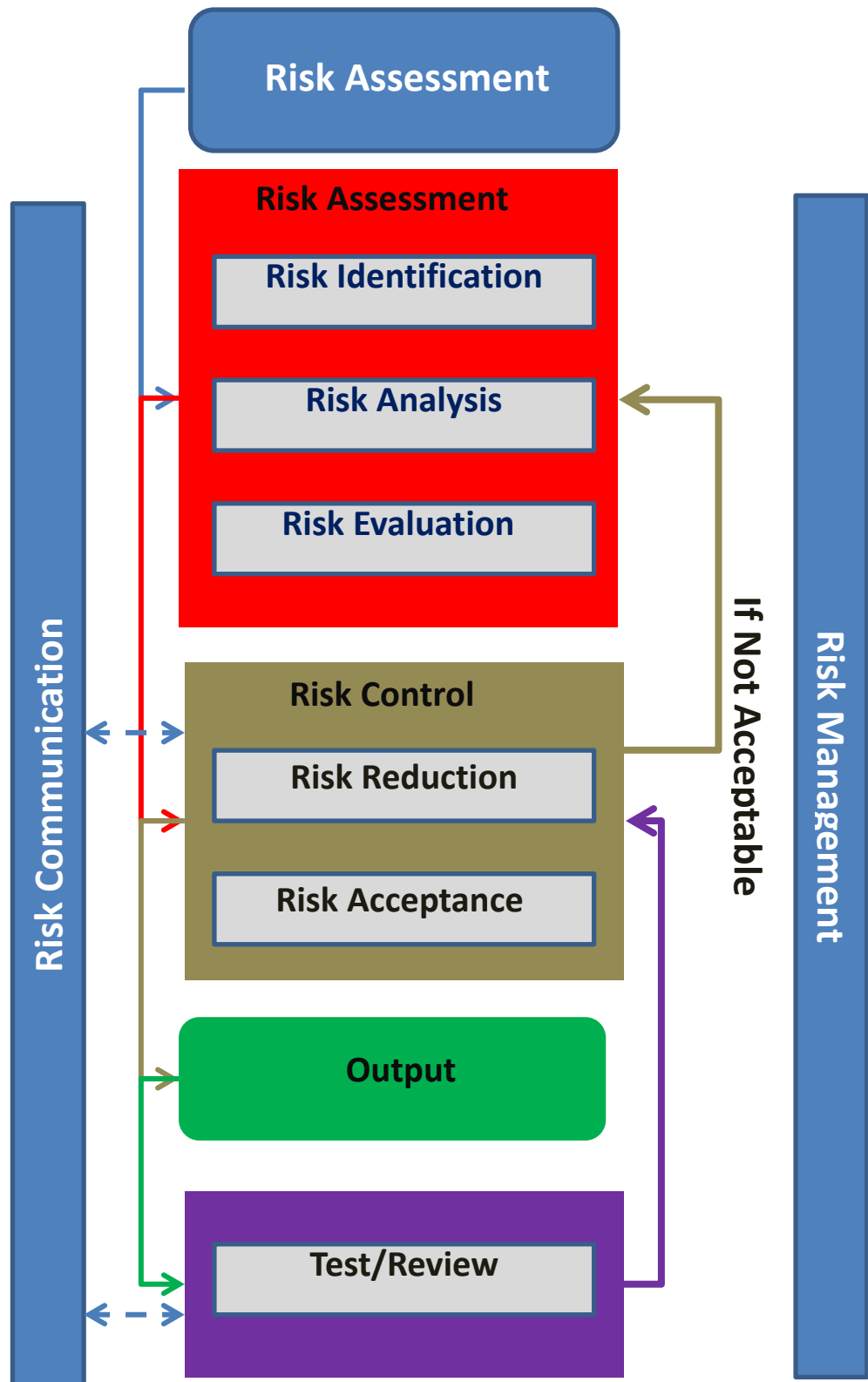
**Table. 1 Questionnaire of Risk Assessment**

S. N.	Type of Risk	Score of Risk	Range of Risk
		1 3 5	Low Medium High
1	Fire		
2	Landslide		
3	Earthquake		
4	Theft		
5	Threat of Tree fall w.r.t Building		
6	Others		
<b>Total Score</b>			
<b>Score and Range:</b> Low, if total score range is 1-6 Medium, if total score range is 7-18 High, if total score range is 19-30			

**Source:** Himalayan Association for Research & Innovation

## ii. Business Impact Analysis

- Before a Business Continuity Plan (BCP) is created, an organization must conduct a detailed risk assessment in order to identify the areas of exposure and all possible threats that could potentially cause interruption to the business (Fig.2) and Table 2.



**Fig.2 Risk Assessment Method**

(Source: Himalayan Association for Research & Innovation)

**Table2 The Impacts of Disaster on Businessmen**

S.N.	Type	Impact
1	Human resources	Liabilities Disabilities Unemployment
2	Financial positions	Loss of existing stock Loss of credit debit data Loss of net wealth
3	Reputation	Loss of brand
4	Physical assets	Loss of product Loss of infrastructure
5	Supplier relationships	Relationship will breakdown for long time
6	Customer relationships	Customer switch towards competitors
7	Investor relations	Investor stop to finance you

**(Source: Himalayan Association for Research &Innovation)**

- All business operations must perform a risk and business impact analysis. Based on the level of risk associated with the functions performed, a recovery plan may be required. The risk analysis

should be analyzed at least twice a year, keeping in with the operational changes in the organisation that may affect the business.

- One method for determining the risk associated with an activity is to document all the functions performed within each business. Once the functions have been identified, the operations and processes should be ranked in order of priority: essential, important and non-essential.
- Types of threats that should be considered include natural, man-made, technological, loss of utilities, and pandemic outbreaks. All possible threats should be analyzed to determine the likelihood of their occurrence and the level of impact to the organization. Consideration should also be given to what mitigation steps have been taken to lessen the likelihood of occurrence and/or impact.
- Threats that result in high-risk ratings should be reviewed with management to determine the need for additional mitigation strategies to lessen the possibility of the threat causing a business outage.

### **C. Identify essential services**

Businessmen have to determine how their organization will maintain essential services/functions during an emergency. Therefore, they have to maintain the records of essential services which are important in various disastrous situations. The most important is how you can replace the dependency on these essential services/functions

with the help of local vendors because supply chain issues are common phenomena in disasters or pandemics situations.

#### **D. Prepare a plan for each essential service**

There are different types of businesses running under the umbrella of Vyapar Mandal of Shimla City. These businesses may not run without combination of following components:-

- Communication (Mobile Phone/Internet Services etc.).
- Customers.
- Team members/Staff.
- Suppliers.
- Inventory.
- Shipping.

The businessmen need to develop their own plan for each component. In any business, it is important how you will address the situation with the customers especially when communication has failed (Table .3). Businessmen need to look for alternate suppliers, shippers, and manufacturers to maintain the relationship with their customers. It is important to maintain a healthy relationship with external organization or community partners who can work together with businessmen for mutual benefits.

#### **E. Review and make sure every component of business has been addressed**

Before finalizing the BCP, it is important to review the entire plan and make sure that every part of business function has been

addressed. It is important to make sure that each businessman has documented the following components:

- Level of business risk.
- Impact on employees and customers, and how they will communicate with them.
- Emergency policy creation.
- Financial resources that can be tapped into in the event of a disaster.
- Training of all the staff members in regard to disasters along with testing and revising the BCP frequently.

**Table 3 Identification of essential utilities within any business during a disaster**

S.N	Essential utilities
1	What are the essential parts of the business that are required within the first 24 hours?
2	What are the essential parts of the business that are required within 2 – 7 days?
3	What are the essential parts of the business that are required within next 8 – 14 days?
4	Which external suppliers / partners / contractors (if any) are dependent on the services provided by your business? Which external suppliers / partners / contractors (if any) does your business depend upon?

**Source:** Himalayan Association for Research & Innovation

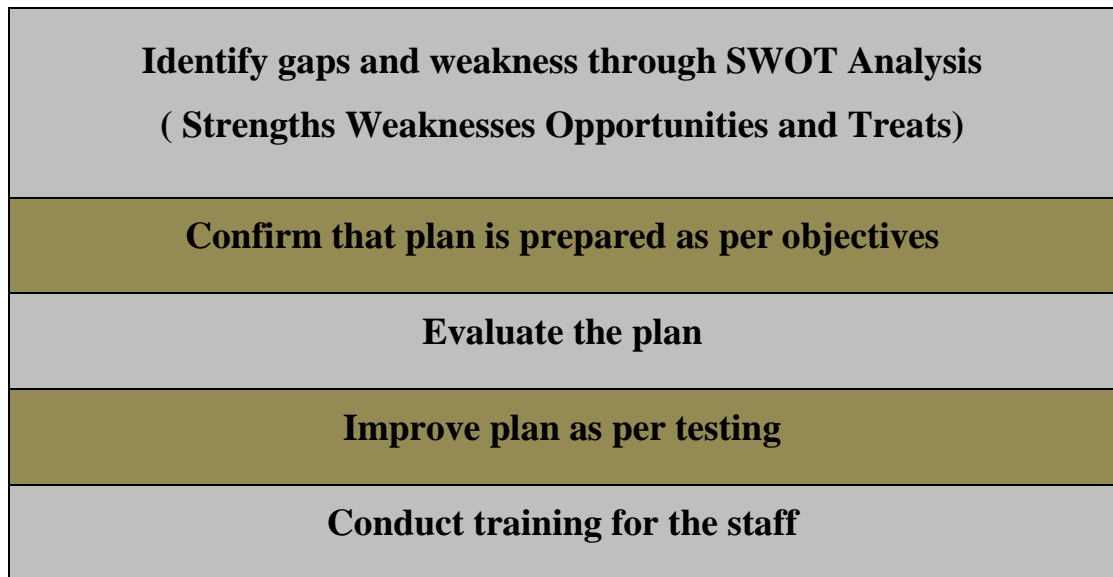
## **F. Training of staff, testing, revising/updating the plan.**

This will help to identify any missing aspects or weaknesses in the proposed BC Plan. It is important to share and discuss the plan with others who may help in incorporating more inputs to the plan. Once updates have been incorporated based on the feedback, staff must be made aware of it and trained according to the changes made in BC Plan.

The tests undertaken thereof will provide the company with the assurance that all necessary steps are included in the plan (Fig.3)

- Identifying the areas in plan that needs to be modified.
- It is essential that the plan be thoroughly tested and evaluated on a regular basis (at least annually).
- While conducting tests, one should ensure the involvement of operational and functional employees and managers of the organizations.
- While conducting drills, exercises one should try to include local, state and federal emergency response agencies whenever possible.
- Develop a timeline to eliminate weaknesses
- Review and make sure every part of business function has been addressed





**Fig.3 Testing of Business Continuity Plan**

(Source: Himalayan Association for Research & Innovation)

### **G. Recovery Strategy**

Recovery strategies are the predefined actions that recover the business from any type of disaster such as:

1. It is never too late to start discussions for alternative sites when a disaster strikes a particular area. A disaster recovery site also known as backup site, is a place where businessmen can temporarily relocate. These sites ensure that the business can continue operations until it becomes safe to resume work at its usual location.
2. Insurance plays an important role in disaster and climate risk management. Insurance helps to cover the costs associated with damaged property and liability claim. Hence it is important to educate the public and increase the awareness among different levels of the business fraternity along with

government participation to increase the insurance penetration to the business community.

3. Detailed documentation of all costs associated with each possible alternative should be undertaken.
4. Quoted cost estimates should be done for any outside services that might be needed.
5. Written agreements with alternate vendors for all outside services should be done.
6. There should be possible resumption strategies in case there is a complete loss of the facility.
7. A Complete documentation of findings and conclusions should be done as report for management of chosen recovery strategies for feedback and approval.

## **H. Business Continuity Plan Maintenance**

The business continuity professional should be responsible for ensuring that the plan is up to date. A business continuity plan needs to be reviewed and updated on a timely basis atleast twice a year. The revised history should be updated to record the changes in the BCP.

## **I. Approve and implement plan**

Once the business continuity plan has been written and tested, the plan should be approved by top management/committee. It is top management's ultimate responsibility that the company has a documented and tested plan. The adequate training should be provided for personnel within the organisation that are part of the business

continuity plan having the responsibility of major functions (like damage assessment, logistics, facilities, restoration, etc.).

#### **4. INITIATION UNDERTAKEN BY THE MUNICIPAL CORPORATION SHIMLA**

The Municipal Corporation Shimla conducted a workshop on “Disaster Business Continuity Plan for Vyapar Mandal Shimla City” under the USAID –GoI- UNDP project of “Enhancing Institutional City and Community Resilience to Disaster and Climate Change” on 24<sup>th</sup> December 2021, for creating awareness among the business community of Shimla City about the BCP. This workshop of disaster management has been the first of its kind for the business community across the State of Himachal Pradesh, which is dependent on the tourism industry. The impact of COVID-19 on the business community initiated this project of BCP for Vyapar Mandal as the business community within city was affected to a large scale. The workshop was organised by Dr. Harkanchan Singh, City Project Coordinator-UNDP under the banner of Shimla Municipal Corporation. The workshop was graced by the Hon’ble Urban Development Minister, Himachal Pradesh, Shri Suresh Bhardwaj, as the chief guest along with the Deputy Mayor Shri Shailender Chauhan, Commissioner Shri Ashish Kohli, Assistant Commissioner Shri Ajit Bhardwaj from Municipal Corporation Shimla, and President Shri Harjeet Kumar, General Secretary Shri Nitin Sohal, Vice President Shri Ajay Sarna, Joint Secretary Shri Tarun Rana, Treasurer Shri Deepak Aggarwal and other members from Shimla City Vyapar Mandal (Photo Plate-1).The participants took full part in the discussion of the plan during the workshop and highlighted their problems along with suggestions. The same have been incorporated below.



**Photo1 Interaction with the representatives of Shimla City Vyapar Mandal**

#### **5. Experiences/Suggestions of Shimla Vyapar Mandal during the Covid 19 Pandemic:-**

- Due to non-assistance by the government towards the Vyapar Mandal, some of the businesses got affected due to Covid-19 pandemic. As most of the businessmen have no alternate business within the city and have one type of business only.
- There is no provision/ facilities of rehabilitation on behalf of HP government related to disasters.
- During the pandemic/disaster, businessmen were not permitted to operate their businesses from home. This also demotivated them to start alternate online business from their homes.
- Availability of labour has been the other major concern of Shimla Vyapar Mandal. The high cost of labour within city

prevents the shopkeepers to undertake home delivery of their products, as most of the deliveries have to be done on foot.

## **6. RECOMMENDATIONS**

It is very important to ensure that study have to be conduct to enhance crisis preparedness, response and consequences management of natural and manmade disasters. Recommendations here, suggests what can be done at State or local level and along with other agencies and organizations to enhance disaster management efforts. Especially, when disasters know no boundaries, they can occur globally like the COVID-19 pandemic or locally as fires or can be regional like earthquakes:-

- ❖ To e-digitalize all the important documents of the business in order to recover after any major disaster
- ❖ Online marketing may be a good alternate of secondary income for the businessmen within Shimla city which would help to boost up the business in disaster keeping in with the topography of the city and its climate.
- ❖ Safe bunk zones should be constructed in which residents in case of any calamity can seek shelter.
- ❖ Exposed water lines/fire hydrants directly connected to Ridge water tank should be there in every alley/staircase of town.
- ❖ The Government should develop policies for helping the business community from overcoming future disaster related situations.

- ❖ There must be provision of group insurance of business community for their goods and services.
- ❖ The government should look into the health insurance of businessmen incase of any disability is incurred during any disaster.
- ❖ From disaster point of view, Mock Drills should be conducted by concern department within city in association with Shimla Vyapar Mandal.
- ❖ Subsidised parking facilities to be provided to the costumers by MC Shimla near to the market areas along with designating points of loading and unloading for the business community, as it will increase the business of the community.
- ❖ Planning of how during a disaster one will acquire the requisite material and from where (supplier, warehouse, factory, off-site storage) to meet the demand of the public and city.
- ❖ Not to rely on single supplier for goods but to establish alternate sources of supplies wherever possible.
- ❖ Disaster recovery is a subset of BCP. The most important is to minimize business downtime and focus on getting business operations back to normal in the shortest time possible. Disaster recovery alternatives may include:

**Manufacturing assistance;**

- List of third party manufacturers
- Alternate warehousing and distribution facilities

- Alternate Site to start business
- Data Backup

### **Consortium arrangement**

- Equipment
  - Raw material
  - Services
  - Combinations of the above
  - Development of more labour hostels to overcome the demand of the labour within the city.
- ❖ Identify all contacts for equipment needs (i.e. manufacturers, wholesalers, agents).
- ❖ Having alternate source of communication like wireless systems among the various Vyapar Mandals within city to keep business continuity.

### **CONCLUSION**

In the recent pasts natural disasters have been affecting businesses across the globe, leading to unexpected business interruptions that have inflicted greater damage on business than they have in the past. In context to Shimla, the city has never encountered a major disruption from disasters in the past but the chances are still there. Business continuity plan enables organizations to reduce the negative impacts of disasters and to return to normal operations sooner than expected because it will help businesses to respond faster when disruption strikes and minimise the adverse impact on their businesses.

The BCP is very important to maintain the record of customers, suppliers, manufactures quick respond teams, and also analysis the risk assessment and suggest the alternative sites and business options. Beside this, it is also important for each business community to represent their product through alternate methods like the digital platforms, collective method of businesses within city in order to continue their businesses during any disasters.



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