

A background image of water splashing, with many small droplets and bubbles, creating a dynamic and textured blue and white scene.

# **Business Continuity: Having a Plan to Maintain and Recover Operations in the Event of a Flood**

Property flooding at your business location (and at your suppliers' and customers' locations) can disrupt your business.

Local flooding in a very wet spring 2017 led the Corridor business association to investigate flood risk. While the Corridor does not experience widespread flooding causing business interruption, the combination of new development, aging infrastructure and severe weather will, over time, increase risk.

This brochure outlines elements of a flood risk business continuity plan.

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## Networks and Contacts

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### Business Continuity Contacts (BCCs):

- There will be people who will be able to assist you to recover and maintain operations in the event of a flood. Equipment providers and servicing, material suppliers, customers, competitors, trade associations, employees and business neighbours are all examples.
- Explicitly consider your personal and business networks and how they may play a role in your business continuity plan. Once identified, consider if a formal arrangement would strengthen the plan. For instance, a “mutual assistance” agreement with suppliers or even competitors may be an approach suited to some Corridor businesses. Another possible agreement is a pre-arranged agreement with a clean-up company – flood events typically impact many properties and there is competition for recovery service providers.
- Understanding equipment replacement lead time requirements from your providers and their ability to respond to emergency requirements will help you understand your own risk.

### List of steps:

#### In advance of a flood:


- Identify people in your networks who could help with resources for continuity
- Evaluate their potential – link with critical activities needs, type of relationship
- Speak with them to see if they would act as a BCC for you – evaluate any cost implications
- Assess whether you need formal/informal arrangements with your BCBs based on your impact analysis

#### During the flood:

- Roughly assess the flood impact and your associated resource needs for continuity of operations
- Contact relevant BCCs and request assistance

#### Recovering from a flood:

- Liaise with BCCs over the time period you are likely to need their support
- Evaluate effectiveness of your BCC network – any gaps, changes needed?



**Flooding is one form of disaster which may interrupt business.**

**Much of the information regarding business continuity planning is relevant for any business interruption.**

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## Insurance

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### Do you have adequate insurance?

- If leasing/renting, who is responsible for insurance?
- There are many costs in recovering from flooding including clean up costs. Understand fully what will be covered by your policy? Do you need additional coverage?
- Will insured compensation be adequate (insurance payment may be less than replacement costs)?

### How will you maintain continuity while waiting on insurance payouts?

- Compile and protect evidence you will need to make a claim;
- Keep accurate and up to date financial information;
- Maintain stock and inventory records;
- Keep accurate records of all costs during flood recovery.

### List of steps:

#### In advance of a flood:

- What insurance do you need? Who is responsible?
- Is insurance adequate? Consider a cost benefit analysis;
- Are there measures you can take now which will reduce risk and damages?
- Maintain a list of current sources for equipment replacement;
- Estimate uninsured costs and identify the source of those funds.

#### During the flood:

- Notify your insurance company/broker as soon as possible. Ask to meet with your claims adjustor (flood events typically impact many properties and there is competition for recovery service providers);
- Gather evidence to support an eventual claim – photographs, inventory, professional assessments of damages and recovery plans and costs.

#### Recovering from a flood:

- Agree with your insurance provider on actions you can take – proceed with cleanup, disposal of damage stock, etc.
- Keep records of all discussions and followup with some form of documented confirmation of any agreements.

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## Understand Financial Impact

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### How will you fund costs of recovery both uninsured and while awaiting insurance payments?

- If you have an extended period where you cannot operate, revenue will be reduced but expenses may be maintained or increased;
- Calculate the minimum amount of income needed during a disruption;
- How will you bill and receive payments during flood recovery?
- Consider insurance which covers business interruption costs.

### Does your business or cash flow vary significantly?

- Flooding is typically seasonal with a focus in spring melt and summer thundershowers therefore flood risk coincides with those time periods;
- Is your business seasonal and aligned with risk periods? Do stock and inventory increase during seasonal work?
- Are there unique annual financial requirements which might coincide with increased flood risk e.g. annual audit or distributions?
- How will you fund costs of recovery both uninsured and while awaiting insurance payments?

### List of steps:

#### In advance of a flood:

- Understand your current financial situation including liquidity;
- Analyse the impact of reduced operations/income;
- Assess and document annual cash flow cycles especially significant obligations.

#### During the flood:

- Contact your financial service providers as soon as possible and notify of your situation;
- Arrange for availability of funds to cover immediate needs.

#### Recovering from a flood:

- Identify and plan for re-establishment of invoicing capabilities as a priority in your business continuity plan;
- Work with and meet all insurer requirements to facilitate comprehensive, full and prompt payments.

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# Your Business Location

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## Responsibilities in the event of a flood:

- What do you expect from your landlord in the event of a flood?
- Who has responsibility and to what extent for maintenance, repair and insurance related to flooding?

## Flood defences:

- What practical steps can be taken by you and/or your landlord which will reduce risk and damages?
- Interruption of power supply may accompany flood conditions and sustained interruption may contribute to losses. Consider the need and how to provide for continuous power supply;
- Consider: backflow valves from the septic tank, elevating the wellhead, drainage paths well maintained; stockpiles and storage outside of low areas; hazardous materials protected from flood impacts; direct roof drainage away from building; separate heating/AC and electric circuits on upper floors, raised electric sockets if permissible under building codes; type of flooring, building with drywall installed horizontally to reduce repair effort, maintaining a stock of sandbags;
- Notify your insurance provider of any improvements or specific measure related to risk and damages mitigation;
- Understand in advance how you, employees and contractors will access the location when flooded.

## Alternative location:

- Have a plan in place directing how you would move operations and manage at one of your other (non-impacted) business locations;
- Maintain an inventory of possible alternative locations.

## List of steps:

### In advance of a flood:

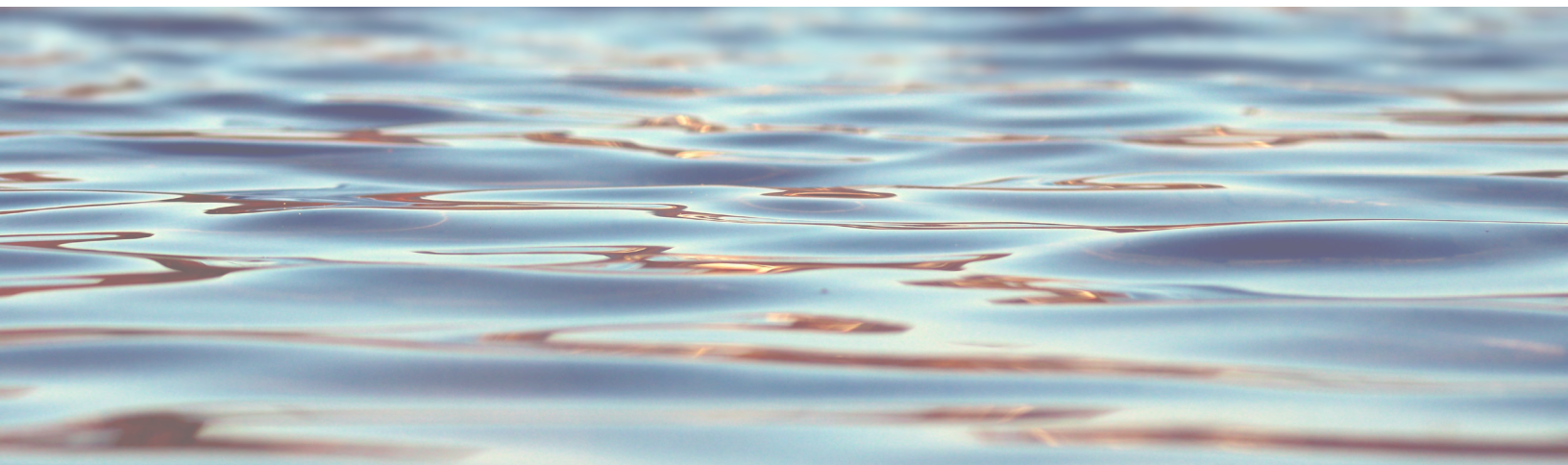
- Put in place flood protection and risk/damages mitigation measures – in building assets and site use;
- Have in place a plan for temporary relocation;
- Have up to date and accessible information on the building and site use for your own use, for emergency responders and for contracted recovery work – a building and site plan, electrical plan, location and connection to underground utilities, locations and protection measures for hazardous materials.

### During the flood:

- Implement your plan measures to ensure safety of employees;
- Implement temporary protection measure according to your plan – sandbags, elevating furniture and equipment, removing records at risk from flood damage;
- Contact landlord;
- Notify neighbours if they do not seem aware of flood conditions;
- When safe, move yard materials and vehicles out of flooded areas.

### Recovering from a flood:

- Agree with cleanup procedures with landlord, insurers, contracted services;
- Remove materials which will incur additional damages post flooding – saturated materials which will promote mould, materials which will hinder recovery.



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## Equipment and Stock

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### What equipment is critical to your business?

- Protect critical equipment from flood – elevated locations, other defences;
- What can be moved, how will it be moved and where will it be moved to? Will you be able to continue to operate after moving equipment?
- A service visit and parts may be essential to recovery. Understand the capabilities of service providers and lead times for parts or replacement of critical equipment;
- IT equipment: Is your IT equipment local? Undertake frequent backups and secure them from risk and protect the service and power supply from risk. If remote, understand possible flood risk of your service provider and how service interruption from them will impact you.

### Equipment operation safeguards:

- Take the appropriate amount of time to assess any flood damages to equipment to ensure safety and successful startup;
- Maintain information on competitors and sub-contractors who could help maintain business continuity if equipment is compromised.

### List of steps:

#### In advance of a flood:

- Which equipment and stock are critical to your business;
- Prioritize protection of key equipment;
- Protect IT equipment and systems;
- Understand how and time lines for service providers to help recovery of equipment.

#### During the flood:

- Move/raise equipment to reduce damages;
- Have a plan to manage power supply risks to reduce possible damages to flood related interruptions.

#### Recovering from a flood:

- Have a plan for prompt equipment repair and replace;
- Utilize external capacity to meet business continuity;
- Consider recovery an opportunity to invest in new equipment.

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## Customers

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### Which customers will impact your business most?

- Understand who your most important (strategic, value, size of account) customers are and where they are in any service agreements at the time of a flood;
- Are there any contractual obligations which may incur penalties?

### What do your customers expect?

- Understand customer expectations. Notify them of possible service problems due to flooding and provide them with a firm statement of how and when you will deliver goods or services to them;
- Customers may place a higher value on some elements of your goods or services – quality of products, price, level of service. Reassure customers that these will be maintained.

### What alternatives are there for customer service?

- Prioritize who and where to provide services as recovery continues;
- Sub-contract work, use alternative suppliers.

### List of steps:

#### In advance of a flood:

- Keep up to date customer contact information;
- Know who your key customers are and why;
- Maintain an inventory of alternative suppliers and sub-contractors.

#### During the flood:

- Identify outstanding orders and deliverables as well as expectations of deliveries to your business location;
- Engage with alternative suppliers and subcontractors on possible needs;
- Notify key customers of situation and your response.

#### Recovering from a flood:

- Notify all customers and the public of situation and your response;
- Notify customers and suppliers if in an alternative location.

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# Communications

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## Who do you need to communicate with?

- Identify a reliable source of weather data to help understand flood and near future conditions;
- Communication to all but in particular to customers' needs to be clear and consistent in order to maintain confidence in your business.

## How will you communicate?

- If you do not have access to your business site or if power is not available, conventional methods of communication such as land line telephone and email may not be readily available to you;
- Different communication tools may be appropriate for different stakeholders. It may be important to find a way to telephone your most important customer whereas the general public can be notified of your plan including possible relocation through media. Information on the company website can give customers information. In the longer term, a letter to all customers explaining what you have gone through and thanking them for their loyalty may be appropriate. A "still in business" banner mounted outside the business is a good message.

## List of steps:

### In advance of a flood:

- Identify how to obtain accurate information about flood conditions;
- Have a communication strategy in particular for key customers and your suppliers;
- Have up to date contact details accessible.

### During the flood:

- Identify need and prioritize obtaining communication hardware;
- Maintain clear communication of expectations and roles of employees.
- As soon as possible, communicate a clear early message to key customers.

### Recovering from a flood:

- Notify all customers and the public of situation and your response;
- Notify customers and suppliers if in an alternative location.



On July 25, 2018 the parking lot of the **Cheshire Cat Pub** was completely flooded. The owner met customers at the entrance, led them to an alternate parking location and drove them back to the restaurant to have lunch. Business continuity was maintained.

The Corridor business association has completed a property by property flood risk assessment.

Contact Roddy Bolivar to review your property specific risks.

[roddy.bolivar@crcbia.ca](mailto:roddy.bolivar@crcbia.ca)

613 314 7597 [www.CarpRoadBIA.ca](http://www.CarpRoadBIA.ca)

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## For Further Information

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Information was sourced from a number of documents:

**Preparing for and Responding to Flooding: A Practical Guide for SME Business Continuity**

[http://floodresilientbusiness.co.uk/wp-content/uploads/2015/11/FloodGuidance\\_ForUpload\\_Uneditable22062016.pdf](http://floodresilientbusiness.co.uk/wp-content/uploads/2015/11/FloodGuidance_ForUpload_Uneditable22062016.pdf)

**Public Safety Canada Business Continuity Plan**

<http://www.ibc.ca/bc/business/crisis-management/business-continuity-plan>