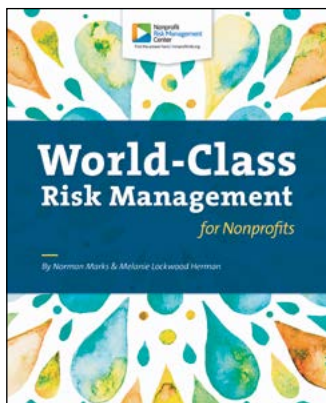


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THE BUSINESS CONTINUITY PLANNING ISSUE



Business Continuity Planning: Taking it from the Backburner to Front and Center

by Whitney Claire Thomey

Certain aspects of the risk management discipline are more compelling than others. It's easy to see how Enterprise Risk Management harnesses the power of your organization's strategic initiatives and bolsters the opportunity for your mission to grow and succeed. Having candid conversations about daily risks can become a simple standard practice that helps keep preventable risks in check. And annual reviews of insurance policies are necessary and routine to protect the mission from liabilities.

However, business continuity planning (BCP) often feels like a burden and is an

uncomfortable, time-consuming topic to discuss thoroughly. Therefore, it rarely receives the attention that it deserves. Instead of focusing on the negative implications that disruptions cause to your organization and your mission—which often leaves BCP stuck on the backburner—realize how having a clear plan to deal with business interruptions empowers and protects the vital work that your organization does to serve your community and constituents.

Why important?

The first step in moving your organization's business continuity plan to the front and

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204 South King Street, Leesburg, VA 20175
Phone: 703.777.3504
www.nonprofitrisk.org



Staff Directory

(All staff can be reached at 703.777.3504)

MELANIE LOCKWOOD HERMAN

Executive Director
Melanie@nonprofitrisk.org

KAY NAKAMURA

Director of Client Solutions
Kay@nonprofitrisk.org

KATHARINE NESSLAGE

Project Manager
Katharine@nonprofitrisk.org

WHITNEY CLAIRE THOMEY

Project Manager
Whitney@nonprofitrisk.org

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center is establishing its value to the organization. So, why is business continuity planning so vital to a mission-driven organization?

Know in advance the critical operations

From a power outage to a pandemic, disruptions never occur on a predictable schedule. Business continuity planning shifts your organization from a *defensive* state to an offensive one, making sure that nonprofit leaders won't have to scramble to respond rapidly and improvise when unexpected outages pop up. Being able to pivot quickly can make or break stakeholder trust. A primary function of your business continuity plan is to establish which operations are mission-critical, which services and processes you can do without for a finite period, and which activities can be wound down or halted indefinitely.

When a disruption does occur, response time is crucial to ensure that indispensable services are available, allowing your mission to continue with minimal downside impact. Ideally, business continuity plans are created far in advance, under low-stress conditions, making it possible for cool heads to prevail during the disruption.

One-stop-shop for contingency information

Your business continuity plan collects all kinds of essential, necessary information that make it possible for vital operations to continue in the face of any type of disruption. And it's likely that your organization already has many of the answers! However, it's the potency of collation that makes a BCP so powerful. By taking the time to collect and catalog procedures, processes, and points-of-contact, you remove the stress associated with being able to quickly access required resources while also dealing with a crisis in real-time.

The hidden benefit

We have established that contingency planning helps identify in advance the operations and services that are mission-critical to your organization. You've seen that it can be leveraged as a one-stop-shop for essential resources and points of contact for your vendors and services. But did you know that there's an inherent hidden benefit to contingency planning?

You might be surprised to learn that the true benefit of contingency planning lies not in quickly selecting Plan B or Plan C when a disruption occurs. The actual advantage lies in the *process*. When teams come together to execute planning exercises to brainstorm what disruptions might happen, how they will affect the organization, and what can be done to mitigate the damages they build resilience. Essentially, it flexes the muscles needed to make thinking on your feet a salient and normalized practice. Therefore, it's not just the final plan but also the time spent discussing and preparing a business continuity plan that helps prepare your nonprofit.

Driven by diversity

If you've begun drafting a business continuity plan for your organization and watched it die on the vine or get backburned for a more pressing project, the temptation to go it alone is enticing. However alluring it might seem to sit down and hammer out all the details without the organizational drag of a committee, this is a suboptimal approach.

A practical business continuity plan examines the organization with a holistic view. No one department or managerial level has all the answers. BCP cannot be solely focused on information technology any more than it can only consider boots on the ground operations. As organizations move through business impact analysis exercises and begin identifying the crucial areas of service that *must not* be

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“From a power outage to a pandemic, disruptions never occur on a predictable schedule. Business continuity planning shifts your organization from a defensive state to an offensive one....”

interrupted, diverse perspectives make all the difference. Establishing a team of individuals representing a variety of functional groups and with differing levels of responsibility will ensure that no stone is left unturned.

Getting Buy-In

It might seem like an insurmountable task to find team members who will want to hunker down and run the marathon of creating a business continuity plan. However, don't assume that your colleagues won't be interested! Start by asking for volunteers. It's human nature to worry, and uncertainty causes stress and anxiety. Being involved in an effort to establish plans for combatting risk has the potential to ease anxiety and make people feel better.

People decide whether to buy-in to things when they have a stake in the investment. Consider how accomplished you feel after completing a big DIY project! This is the concept of the “IKEA Effect.” Even if you only assemble something, you immediately have a sense of ownership and accomplishment. Asking staff members to help shape the plan allows their voices

and concerns to be heard and safeguards responsibilities, programs, and services that are important to them.

Break the glass! Don't keep your BCP a secret. There is a tendency to think of continuity planning, crisis management, and succession planning as organizational secrets. Nothing in your BCP should be embarrassing or contain information staff shouldn't know. Making the plans public among your internal stakeholders will give them comfort and empowerment to be part of the process.

Get the Word Out

Knowing that the organization is prepared to weather difficult times can be comforting to staff, stakeholders (your board and funders), and the community you serve. An important piece of the business continuity planning process is sharing your plans with a broad audience. With that in mind, your communications should be targeted accordingly; the message that you send to staff about the plan and decisions for enacting it won't be the same as what you share with your community funders.

When preparing messaging about your BCP, consider creating some criteria to help

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“It’s not just the final plan but also the time spent discussing and preparing a business continuity plan that helps prepare your nonprofit.”



you group stakeholders to ensure that the right information gets to each person. You might ask questions such as:

- Does this person play an active role in our contingency plans?
- Will this person be directly, indirectly, or not at all impacted by a disruption to our organization?
- Is this person someone we would call on for temporary support during a disruption?

Insiders – Board, Management, Staff

Some staff and management may already be somewhat aware of your organization’s business continuity plan since they likely participated in the process on some level. However, everyone inside your organization should know that the plan exists, where it exists (whether there’s a hard copy or where the digital files can be found), and the steps for activating it when an event occurs. The final step is critical, as not every incident may warrant a deviation from “business as usual.” As we mentioned before, the plan shouldn’t be a secret; it’s an invaluable asset!

External – Community, Public

The people you serve and those who support your mission will take comfort knowing that the organization has a plan to sustain and continue mission-critical activities when the going gets tough. However, there’s no need to mire them down in the nitty-gritty details of how you will shift to Plan B when the need arises. A simple one-page document with clear contact information is what the public needs to know about your response. Start with messaging you have developed for any recent disruption and tweak it to be easily customized for other situations.

If a mid to wide-spread impact occurs that causes the nonprofit to radically alter services to your community or necessitates a fundraising campaign to help support during the time of need, you’ll need to communicate requirements and changes to this stakeholder group clearly. Consider distributing your message through a variety of sources, making it easily accessible to many people. Consider these possibilities:

- Official press releases

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- Banners or tickers on your homepage with important updates
- A dedicated page or collection of pages on your website to aggregate information related to your organization's response to the disruption and any relevant outside resources
- Special editions of your email newsletter
- Social media posts

Vendors

Maintaining an open flow of communication with your essential vendors will ensure that expectations and obligations are met even when you can't do business like you usually would. Involving your vendors in your BCP plans will make sure that services you rely on them for will be available and operating without impact during the disruption. Points of contact may change, or the types of services that your partners can provide could be altered. Therefore, an essential step in a good vendor relationship is to have clear, open communication!

Test the Waters

"Practice isn't the thing you do once you're good. It's the thing you do that makes you good." — Malcolm Gladwell, *Outliers: The Story of Success*

Having a plan isn't enough. BCPs should be rigorously and regularly tested. As with many risk management tactics, business continuity planning isn't a linear "one time" event. It's a cycle that should be refined and revisited repeatedly.

The Best-laid Plans...

Testing is a powerful step in the BCP cycle. It is during this phase that you breathe life into the pages of your contingency plans. Executing simulations strengthens the plans that you captured by verifying that they are functional and appropriate. Your tests allow you to calmly and systematically identify any weaknesses or gaps, confirm that the objectives are met, and improve upon the drafted systems and processes. Each time your BCP is put through rigors is an opportunity to update and improve as your organization evolves and adapts. Each

"Making testing and training routine will ensure that when a disruption occurs, your organization will be prepared to respond as seamlessly as possible."

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time trials are conducted, team members can evaluate the response and develop proficiency for the contingency. The real beauty of testing comes in being able to deliver the developed response under ideal, no-stress situations.

You Say Tomato, I Say Tomahto

Options for testing your plans are as varied as there are missions and organizations. The variety of testing options and methods means that it's easy to find a right-sized approach for your organization, team members, and plan. Finding the best fit makes testing a reality for all organizations and eliminates excuses.

You may choose one testing method or several so long as the approach ensures that objectives mentioned above—identifying weaknesses and strengthening processes, to name a few—are met. At a minimum, consider a plan review with team members outside of the initial drafting committee. Receiving feedback from staff who weren't a part of the planning process will shed light on any areas that were omitted or misunderstood.

Executing more complete simulations through tabletop exercises, walkthrough drills, and full functional recovery tests will provide an added layer of credibility to the plans you've drafted. Tabletop exercises could be completed during team meetings for your organization's functional groups, and simulation testing can a specially scheduled all-hands meeting. The amount of time needed for each of these different methods varies greatly, and therefore

gives staff and volunteers an opportunity to thoroughly vet the processes and procedures in your organization's BCP.

Lather, Rinse, Repeat

Analysis, evaluation, planning, and testing must occur on a regular schedule to be genuinely useful. Making testing and training routine will ensure that when a disruption occurs, your organization will be prepared to respond as seamlessly as possible.

Testing timelines, just like your plans, must be built to suit. Some factors that will impact how often testing should occur are the size of your organization, availability of personnel (paid staff and volunteers), resources at your disposal, and the maturity level of the business continuity plan itself. What's right for an organization in your sector might not be right for your organization! Build a testing program that makes sense for you and you increase the likelihood of its success.

Consider various employment milestones as touchpoints for your testing process. Employee and volunteer onboarding are excellent times to communicate and train new stakeholders on the plan. Their unique perspectives may offer a fresh look at methods, so incorporating this feedback will help strengthen organizational resilience. Some organizations find it helpful to set aside time quarterly, annually, and bi-annually to conduct larger-scale run-throughs. Putting these on an organizational calendar will allow departments and staff to plan

and secure needed time for these intense practice sessions.

Another way to test and review your plan is to examine the contingency operations any time a significant change is made to a process or system. The plan can be reviewed and tested in smaller, digestible chunks by examining points-of-contact, lists, and procedures when changes are made. If your organization goes through an annual vendor review, take that time to ensure all contact information in your plan is current and correct.

If you have outside vendors that provide mission-critical services, consider including them in your testing protocols. For example, if your nonprofit is a human services agency that contracts with a bus company to transport clients, this outside partner provides a critical service that should be part of your exercises. At a minimum, make sure you know they have a BCP and who your points of contact will be if there's a disruption.

Don't let this valuable organizational resource simmer forgotten on the stove. Bring the discussion to a full boil with staff, management, and your board. The powerful resource that results will ensure the protection and safety of your organization's mission.

Whitney Thomey is Project Manager at the Nonprofit Risk Management Center. She welcomes your questions about any of the topics covered in this article at 703.777.3504 or Whitney@nonprofitrisk.org.

Resources

- Four Steps to Better Business Continuity Plan Testing (<https://sbscopyber.com/resources/four-steps-to-better-business-continuity-plan-testing>)
- FEMA Emergency Planning Exercises (<https://www.fema.gov/emergency-planning-exercises>)



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Case Studies

1 **Engagement Goal: Elevating and integrating ad-hoc conversations about risk-taking and risk management into durable planning and decision-making processes**

WHO: A national foundation working to strengthen democracy and promote the health, diversity, and resilience of democratic processes and institutions.

Results: The NRMCM team worked in partnership with foundation leaders to identify and unpack critical risks. The project culminated with a workshop exploring the topics of risk assessment and risk appetite. The NRMCM team will be returning to the organization later this year to facilitate follow-up training for a broader staff team.

2 **Engagement Goal: Interim Risk Leadership**

WHO: A regional transit agency employing more than 1,200 staff.

Results: The engagement involved leading and motivating staff working in claims management and safety and partnering with the agency's top executives to envision a new structure for the risk team. NRMCM's work included managing contacts with the agency's external broker and defense counsel and facilitating the vetting and appointment of a new Third-Party Administrator (TPA). The NRMCM team also led the search process for a new risk leader and developed a new risk dashboard to elevate and strengthen risk oversight.

3 **Engagement Goal: Development of an engaging website housing custom risk resources for the organization's member agencies**

WHO: A national organization of 1,000 affiliated agencies dedicated to fighting poverty in the U.S.

End Result: The NRMCM team developed an attractive website featuring two interactive web applications. These applications present content fully customized for the association. The site also has easily accessible web links to NRMCM Affiliate Member benefits. These resources help the organization's affiliated agencies develop a deeper awareness of the risks they face and identify practical steps to close gaps in risk practice. More than 95% of the organization's affiliated agencies have used the site to complete a Risk Assessment and demonstrate compliance with national quality standards.

4 **Engagement Goal: Thoughtful bidding process to identify and select the best-qualified firm to provide insurance**

WHO: A regional public health organization with more than 1,700 employees serving nearly 200,000 consumers.

End Result: The NRMCM team facilitated and managed a Broker Selection Process for the agency motivated by the commitment to ensure that insurance dollars were allocated wisely. The NRMCM team designed a custom RFP, identified and pre-qualified bidders, reviewed incoming proposals based on the client's criteria, and coordinated interviews with the six finalist firms. At the end of the process, the client selected a new broker and entered into a multi-year broker services agreement.



Cloud Computing – BCP Boon or Boobytrap?

By: Katharine Nesslage

Many nonprofits are routinely taking advantage of the “Cloud” to provide low-cost software and data solutions. Gone are the days when organizations were required to purchase and maintain expensive servers on-site to house their applications and data. The allure of being able to remotely access files and web applications from any computer makes the Cloud appear to be an easy remedy for business continuity issues. But is it?

Your nonprofit’s essential information includes the tools and data necessary to continue mission-critical functions during an interruption. When exploring cloud computing solutions, consider the following questions:

- How are passwords and account numbers stored?
- Are multiple individuals able to access systems using unique logins?
- Is the solution likely to reduce friction for maintaining critical functions?
- How do you ensure that account permissions transfer to other people if the initial points of contact are unavailable?
- Who is responsible for maintaining the confidentiality, integrity, and availability of your nonprofit’s information?
- Who is responsible for providing overall cybersecurity for data transfers, and at what level? Meaning, who is securing the server, and what security is implemented when a user accesses that server remotely? (VPN tunnel, encryption keys, etc.)
- Do you know how your outsourced solutions are managing business continuity concerns?

Misconceptions About the Cloud

Unfortunately, the concept of “the cloud” leads to a false sense of security that your data will always be intact and available, as long as you can connect to the internet. Using cloud technology as a way of safeguarding your nonprofit’s information and protecting continuity of services requires a careful review of service level agreements (SLA) and your vendor’s BCP practices.

The cloud is “always on.” Because of its high reliability, cloud outages are rare. It’s easy to believe that the data stored remotely is continuously available and automatically protected for disaster recovery.

Cloud Computing – BCP Boon or Boobytrap?

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What is The Cloud?

For this article, we use the term ‘the cloud’ to describe a subscription service that primarily delivers ‘software as a service’ (email, calendaring, office tools, etc.), but can also deliver ‘infrastructure as a service’ and ‘platform as a service.’

For a summary of the different types of cloud services visit: “SaaS vs PaaS vs IaaS: What’s The Difference and How To Choose,” BMC Blogs (<https://www.bmc.com/blogs/saas-vs-paas-vs-iaas-whats-the-difference-and-how-to-choose/>)

Applications and infrastructure that are available remotely are examples of cloud computing. Traditional IT assets were housed on physical servers within your organization’s facilities—remember those server closets? Physical hardware has limitations on the amount of data that can be stored, and hardware can be damaged or rendered inaccessible during a power outage or other event affecting your facilities. Many sources state the best strategy for protecting your data and accessing it during an interruption is to put it in the cloud.

Cloud services are useful as they may be deployed rapidly, are scalable, and require minimal upfront investments. And because of the self-service nature of many of these services, they may save you money and time.



However, nonprofit leaders exploring cloud solutions should ask the right questions of any potential vendors to determine if that particular cloud solution exercises salient business continuity practices.

For example, at any given moment, your data is being delivered to you from a single data center somewhere. Do you know if the owner of the cloud service is able to quickly move to a new data center? The answer may be no, and if so, you need to confirm your cloud provider’s established timelines and procedures for data relocation.

Keep in mind that not all cloud providers maintain their own physical storage. Some may lease space that may not be in the same geographical location as their offices. So, you could have a U.S. based cloud provider whose leased space is actually in another country. Ask your vendors for the physical location of the server where your data is stored.

Backups happen automatically. Frequently, routine backups are included

with cloud services. However, it’s risky to assume that redundancy is automatic or conducted on a schedule that is best suited to your organization. Check with your cloud provider to find out if your service level agreement (SLA) includes backup and recovery of your data and what levels of protection are included with your SLA. Never assume that your data is being automatically backed up. Establish a frequency of backups; for essential data, you may want a backup daily or weekly, especially when this information is accessed and updated often.

Data can be recovered immediately.

In the event your nonprofit needs to execute data recovery from cloud backups, you need to know how long backups are stored and how quickly information can be retrieved. Knowing how long backups are retained and if multiple versions of your data are stored will prepare your organization for data recovery plans if primary information becomes corrupt. Some backup storage options take advantage of infrequent access and may

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Cloud Computing – BCP Boon or Boobytrap?

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have longer restoration times, impacting your ability to come back online after a disruption.

Common terms vendors may use during these discussions include recovery time objective (RTO)—the length of time it takes to get your restored data and applications back up and running—and recovery point objective (RPO)—how frequently your nonprofit's data needs to be backed up.

The cloud safely stores my data forever. Reliance on a third-party to store, administer, and safeguard your data can be risky. What happens to your data if your cloud provider suddenly shuts down? Will your data be gone forever, or does your SLA include a provision requiring a data dump prior to the vendor shutting down? How much notice will you receive to make preparations to move your data to a new service provider? Does the SLA have restrictions if our organization decides to switch to another provider?

Your provider contracts should include an exit strategy describing the steps (and cost, if applicable) to move the service back in-house or to transfer it to an alternative provider. The plan's most important aspect is the retrieval and preservation of your

nonprofit's data so that data portability is achieved. Keep in mind that an exit strategy is helpful if you or the provider terminate the contract; that strategy may or may not govern how disruptive events like a service outage or bankruptcy will be handled.

Cloud services can provide an efficient, elegant solution for safeguarding your data and continuing critical operations. The key takeaway is to remember that having candid conversations with technology partners about the terms of their services will ensure that your cloud software and storage arrangements sync with your overall business continuity plan and BCP strategies.

Katharine Nesslage is Project Manager at the Nonprofit Risk Management Center. She welcomes your questions about any of the topics covered in this article at 703.777.3504 or Katharine@nonprofitrisk.org.



Three Chords & The Truth: Methods for Approaching Business Continuity Planning

By *Melanie Lockwood Herman*

Many nonprofit leaders are seeking a clear, 'best practice' approach to creating a business continuity plan for their organization. Preferably a simple, straightforward approach that won't take too much time. Or too much effort. Or rock the boat.

This article offers three pathways to creating a BCP for your organization. But fair warning: the actual process of drafting a plan takes time, effort, and perseverance. If you need some support or steady guidance, consider purchasing our web application, *My Business Continuity Plan* (www.mybusinesscontinuityplan.org).

What You Need to Know about BCPs

A business continuity plan is a resource that helps you accomplish two vital tasks:

1. **Identify mission-critical functions or activities that *must continue during a period of sub-optimal operations*.**
You won't be able to operate 'normally' if your building is inaccessible, your staff can't get to their customary work stations, or your clients are facing unusual amounts of stress.
2. **Outline strategies and processes—essentially a roadmap—to support the orderly resumption of operations.**

Now that you understand what a BCP should do, here are three possible ways to go about creating a BCP for your nonprofit.

Path #1 – Structure by Events

Structuring a BCP based on disruptive events—think hurricane, act of terrorism, power failure, COVID-19—is the most

common way to build a BCP. A plan with this structure describes the steps and strategies an organization will take if one of these events occurs. What's the downside?

First, things rarely turn out the way we expect they will. A Cat-5 hurricane may turn into a Cat-2. A novel coronavirus diagnosed on the other side of the planet could turn into a global, trillion-dollar event. Next, plans structured by events tend to be very duplicative: each section describes actions, people, roles, priorities, activities, and more that may overlap with the same strategies and functions used for another event. Finally, a plan structured by events includes the incidents we've experienced before or those we can envision. Every organization has now faced a situation—the global pandemic—that honestly, none of us previously imagined.

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Three Chords & The Truth: Methods for Approaching Business Continuity Planning

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“Flexibility during a disruption is key to protecting your mission and keeping the momentum high for mission-critical activities.”

The upside of a BCP structured by events is that it is essentially a collection of mini plans that may feel highly relevant in the moment. Here’s a way to approach the development of a BCP structured by events.

STEP 1

List the highly disruptive events that could negatively impact your nonprofit. For example:

- ✓ **Weather events:** hurricanes, earthquakes, tornadoes, severe storms, landslides, winter storms, extreme heat, and flooding. (Hint: don’t include weather events that aren’t relevant to your location!)
- ✓ **Accidents:** fire, explosions, car/bus accidents

- ✓ **Systems failures:** power grid failure, septic failure, water main break, information system corruption
- ✓ **Human events:** terrorism, workplace violence, civil unrest, cyberterrorism
- ✓ **Disease/health:** pandemic, epidemic, outbreak

STEP 2

Create a one-page summary of key steps and strategies related to each type of disruptive event. Using a weather emergency for example: if your procedures are likely to be the same regardless of the ‘type’ of weather event, simplify with a one-pager covering all weather events. However, if your response to winter storms is entirely different from your response to a hurricane, you probably need separate summaries for each.

Consider whether it makes sense to create BCP ‘levels’ that correspond to the impact or potential impact of the disruptive event. For example:

- Level 1:** some systems, people, and functions are impacted; minor scaling back or shuttering of programs is necessary
- Level 2:** various systems, people, and functions are impacted; some programs and activities will need to be curtailed
- Level 3:** the entire agency is negatively impacted; only mission-critical programs and activities will continue; all other activities will be scaled back per this plan

STEP 3

Identify your chain of command and decision-making approach for the BCP. For example:

- ✓ The Crisis Team is responsible for determining whether the interruption is a Level 1, Level 2, or Level 3 event.
- ✓ Once a Level has been announced, the plans associated that Level will begin
- ✓ Executive Team members are responsible for keeping the Crisis Team apprised about the implementation of the BCP, including any difficulties their teams are experiencing

STEP 4

Create an Appendix with resources that will be helpful during a disruption. For example:

- ✓ Key points of contact for your facilities and systems
- ✓ Emergency services agencies and first responders
- ✓ Evacuation maps/diagrams
- ✓ Disaster/emergency kit contents lists
- ✓ Contact information for key personnel, especially those providing management and support during an interruption

Three Chords & The Truth: Methods for Approaching Business Continuity Planning

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STEP 5

Review and discuss the draft BCP with a diverse team! In *The Art of an Idea*, John Hunt writes that:

“Working with people of different backgrounds doesn’t just give the group a different point of view, it makes you reassess your own. This is extremely powerful because we’re all trapped in what we’ve previously learnt. And ‘previously learnt’, often means what we’ve previously been told. And that’s usually not true or entirely accurate.”

Here are some question prompts to make your discussion productive:

- ✓ Will we know what to do—and who will do it—based on the contents of this plan?

- ✓ Do we feel more confident—or more uncertain—about our resilience with this plan?
- ✓ What are the strengths of this plan?
- ✓ What are the weak points?

Path #2 – Structure by Function

Another way to develop a plan is to draw on your existing functions and departments and ask each functional team to develop a mini BCP. The upside of this approach is that it doesn’t pit functions and activities against each other: each function determines what its top priority is and how it will scale back during an interruption.

STEP 1

Consider creating a worksheet to help guide the BCP conversations of the functional

teams. See the chart below for an example of a Finance Function Worksheet.

STEP 2

Bring representatives of the functional teams together to discuss their mini BCPs. Discuss the implications of the plans developed by the teams. Here are possible discussion questions for that gathering:

- ✓ As you review the mini BCPs of the other functions, what questions do you have?
- ✓ Are the lists of mission-critical responsibilities reasonable given the potential stress we will be under during a significant interruption? (think COVID-19 or an extreme weather event that forces our main offices to close)

FINANCE FUNCTION BCP WORKSHEET

Mission-Critical Activity/ Responsibility	Standard Operating Procedure	Actions if BCP Triggered
1. Payroll	Staff Accountant reports payroll weekly by uploading data to our external provider Payroll reports are reconciled bi-weekly	SAME Payroll reports are reconciled monthly
2. Payment of benefits, utilities, and other mission-critical vendors	AP team processes payments weekly, in-house	AP team switches to external processing provider for all critical payments; frequency of payments reduced to bi-weekly
3. Onboarding of new hires	Paperwork is processed upon hire	Hiring suspended
4. Cash Flow Forecasting	Forecasts are prepared every 90 days	Forecasts are prepared every two weeks
5. Funder reporting	Funder reports are prepared per their respective due dates	Request flexibility from funders; delay reporting as permitted
Secondary Activities/Responsibilities		
1. Updating of Finance and Accounting Manual	Complete one section of the manual each month	Postpone until after the disruption ends
2. Selection of a new financial management system	Complete vetting process for a minimum of 4 vendors by year-end	Postpone work until after the disruption ends
3. Redesign of Board Financial Dashboard	Due by the end of fiscal year	Postpone completion until after the disruption ends

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Three Chords & The Truth: Methods for Approaching Business Continuity Planning

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- ✓ As you take another look at your plan, are there any activities you would move from one category to the other?
- ✓ Are the “Actions if BCP Triggered” plans reasonable? Sufficiently detailed?

Path #3 - Structure by Impact

One of the powerful lessons the NRM team has learned from our three decades as risk advisors is that myriad risk events have similar and sometimes overlapping impacts. If you reflect on the resources and capabilities needed to deliver your mission, it’s not hard to see how very different events could negatively impact those resources. For example:

- ✓ A fire/explosion, tornado, pandemic, or power grid failure could make it impossible to work from your headquarters office.

- ✓ School closures due to extreme weather, a pandemic, or power event could make it impossible for your staff who are parents to work from the office
- ✓ A hurricane, severe storm, or pandemic could make it unsafe for your team to travel to and work from your headquarters
- ✓ Any disruptive event could make it difficult or impossible to access systems and resources housed in your primary facilities.

Here are a few possible steps to develop a BCP that is structured by the impacts of the disruption on your organization.

STEP 1

Form a small team to develop your BCP based on impacts. Make sure that your team includes participants with experience in all or most areas of activity in your nonprofit!

“One of the powerful lessons the NRM team has learned from our three decades as risk advisors is that myriad risk events have similar and sometimes overlapping impacts”

Events	Impacts
Workplace violence	<ul style="list-style-type: none"> • Some/all staff are unable to work or work from customary locations
Hurricane	
Winter storm	
Tornado	<ul style="list-style-type: none"> • Client demands/needs may increase or decrease
Power grid failure	
Extreme heat	<ul style="list-style-type: none"> • Facilities or systems may be damaged and unusable
Failure of transportation infrastructure	
Explosion	<ul style="list-style-type: none"> • Extra supplies or materials may be needed
Contagious disease	
Flooding	<ul style="list-style-type: none"> • Essential systems (hardware, software, databases, etc.) may be damaged or offline
Landslide	
Third-party systems failure (e.g., AWS or Dropbox goes down)	<ul style="list-style-type: none"> • Negative sentiment from people and organizations that depend on our services • Media spotlight • And so on...
Systems Breach (cybercriminals hijack our systems, e.g., denial of service, SQL injection)	

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STEP 2

Identify the critical impacts of disruptive events. Consider using a chart or 'cheat sheet' to get the ideas flowing!

STEP 3

For each identified impact, brainstorm or 'writestorm'* ideas to cope with that impact. Remember to examine potential strategies to resume operations as soon as practical. Consider using a chart or worksheet to support the process.

*writestorming is like brainstorming, except participants initially jot down their ideas instead of sharing them out loud. Once everyone has the prescribed number of ideas, the facilitator goes around the virtual or actual meeting room and asks each participant to share one idea. Additional sharing rounds continue until everyone has shared all of their ideas. Writestorming is especially helpful in groups where extroverts tend to dominate!

STEP 4

Bring the BCP team back together to identify next steps. For example:

- Share the material created through the brainstorming exercise with the executive team

- Share the material created with the entire staff team; invite anonymous feedback and proposed changes by using a survey tool
- Ask each BCP team member to meet with their respective teams to share the results of the exercise and invite feedback

STEP 5

Implement the preferred next steps identified in Step 4 and focus on getting your BCP in shape and ready to use. For example, share the results of the exercise and the contents of the BCP with all internal stakeholders. Identify external stakeholders who would benefit from knowledge of the plan. Choose a date or timeframe to review and update the plan, such as 12 months from the date it is adopted internally.

The Truth about Business Continuity Planning

There's no one way or right way to develop a BCP for your nonprofit. The best news is that any plan you've created in advance

of an interruption is likely to be helpful in the moment. Keep in mind that events are very unlikely to unfold as you imagine they will. Flexibility during a disruption is key to protecting your mission and keeping the momentum high for mission-critical activities. The most crucial next step is to get started. Don't delay. Your mission and your community are too vital for your organization to be unprepared to act when the next disruption happens.

Melanie Lockwood Herman is the Executive Director of the Nonprofit Risk Management Center. She welcomes your questions about business continuity planning and NRMC products and services at 703.777.3504 or Melanie@nonprofitrisk.org.

CRITICAL IMPACTS OF DISRUPTIVE EVENTS

Impact	Immediate Steps	Resumption Strategies
Some staff are unable to work from customary locations	Shift to 'work from home' mode for affected staff	
All staff are unable to work from customary locations	All staff shift to 'work from home' mode and some staff may pivot to special projects to ensure flexibility for their work location	
Client demands increase	Call on partner agencies and recently retired volunteers to assist. Identify 2-4 programs we can scale back or discontinue for 30-60-90 days	
Facilities are damaged	Convene facilities team and contractors to identify a schedule for assessment and repairs; notify insurers; notify staff of implications	
Systems are damaged or unusable	Use a secondary method (e.g., text alert app) to let staff know about the status of systems; convene IT team to develop a 5-10-20 day plans to repair or replace damaged systems	
Extra supplies are needed	Use organization credit cards to purchase necessary supplies	

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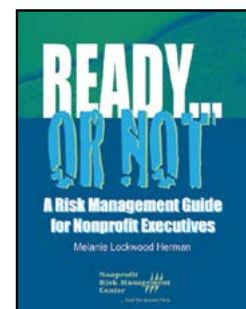
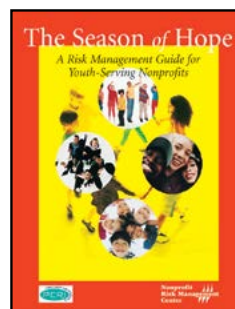
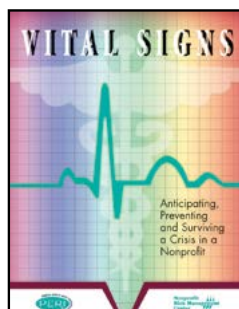
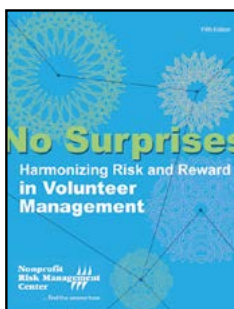
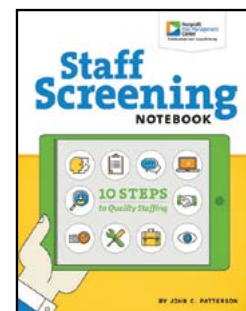
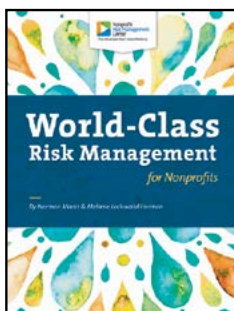
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