

BUSINESS CONTINUITY

THE IMPORTANCE OF A BUSINESS CONTINUITY PLAN

Let's face it. The world is constantly changing.

The past few years have highlighted the worst that Mother Nature can give us: hurricanes, tornadoes, tsunamis, wildfires and other catastrophic events. While disasters of this magnitude do occur, they are only one form of disruption that may impact your business and your customers' affairs. There are far more common occurrences that can affect us on any given day. Power outages, rolling blackouts, floods, office fires, computer malfunctions, or a flu outbreak can occur regardless of location. There is nothing to excuse us from developing an emergency plan which takes into account all interruption scenarios.

Business Continuity Plans (BCP) are created to help your business function in the face of unexpected interruptions, crises and disasters. The process involves developing procedures and activities that are implemented when an interruption occurs.

An effective BCP will:

- » List a series of contingencies that enable your business to quickly return to "business as usual" should an interruption occur
- » Provide clients with proof that your business is prepared to stay active under any circumstance
- » Detail clear emergency procedures to ensure that the safety of you, your clients, and your employees is a top priority

In this day and age, everyone is susceptible to misfortune that may interrupt their day-to-day activities. Business owners who have a detailed, tested plan will be able to rebound with little consequence to their business and their clients' accounts.

In addition, sharing your BCP with your clients will enhance their trust and confidence in you.

TYPES OF BUSINESS INTERRUPTIONS

The following are some common examples of business disasters/interruptions that can occur anywhere, at any time:

1

ENVIRONMENTAL INCIDENTS

tornadoes, hurricanes, mudslides, wildfires, floods, earthquakes, tsunamis



2

EQUIPMENT OR SYSTEM FAILURE

power grid shutdown, blackouts, rolling blackouts, computer viruses and security breaches



3

LOSS OF UTILITIES AND SERVICES

power grid shutdown, blackouts, rolling blackouts, computer viruses and security breaches



4

INFORMATION SYSTEMS INCIDENTS

cyber crimes and IT system failures



5

PERSONNEL ISSUES

illnesses, resignations and family leave



6

ORGANIZED AND/OR DELIBERATE DISRUPTION

acts of terrorism and sabotage, theft, arson and labor disputes



7

LEGAL/REGULATORY ACTION

lawsuits and SEC violations



CREATING A PLAN

All business owners should have a business continuity plan in place. Although creating a BCP for your business can seem daunting, the following steps will help you gather the necessary information to create and execute a plan for your office.

STEP 1: Assess your risk. The first step in creating a plan is to determine which disasters will most likely affect your business. Is your business located in an area prone to hurricanes and/or tornadoes? Knowing what may occur will help you determine your needs and better plan for a disaster.

STEP 2: Identify the following critical elements of a BCP that are applicable to your business.

- » Data back-up and recovery (hard copy and electronic)
- » Critical systems
- » Financial and operations requirements
- » Alternative communication between you and your clients
- » Alternative communication between you and your staff
- » Contingency office space for you and your staff
- » A means for clients to access their funds and securities
- » Books and records requirements
- » Communication with your broker-dealer home office

STEP 3: Plan for an alternative location. If something happens to your business location, you must be prepared to relocate. Could you operate from your home? Is there another business professional in your area with whom you could share space?

STEP 4: Appoint a person in your office to take responsibility for being a crisis manager. The crisis manager will be in charge of leading the office should a disaster strike and will be responsible for keeping the BCP updated throughout the year.

STEP 5: Back up your data. Keeping both hard and electronic copies of important documents and files will make it easier for you to be operational quickly. Be sure your data is stored offsite in a safe and secure location.

STEP 6: Create an emergency phone tree. A phone tree will help you contact employees, clients and vendors in the event of an interruption. The phone tree should be reviewed, updated regularly, and saved in multiple locations. A process should be determined for contacting your clients should an interruption take place and you are unable to access your systems.

STEP 7: Evaluate your emergency insurance coverage. Will your insurance cover your office in the event of all types of business interruptions? How long will it be before you are completely operational? Consider purchasing business interruption insurance which may compensate you for lost income.

STEP 8: Test your plan. No plan is effective if it is not tested. Regular tests will uncover inconsistencies and weaknesses that can be addressed immediately. Then update the plan accordingly. When changes are made employees, clients and vendors should always be alerted.

When writing your plan, consider starting with the following components:



EQUIPMENT INVENTORY



EMERGENCY CONTACTS



VITAL RECORDS INFORMATION



RECOVERY LOCATION SPECIFICS



CRITICAL BUSINESS FUNCTIONS

Once your plan is developed, it is important to remember that a paper copy should be kept in a file in your office and at an offsite location.



EXAMPLE OF AN OUTLINE FOR A BCP

The following guidelines are the major components that should be included in a BCP:



Emergency Contact Person



Firm Policy



Business Description



Office Locations



Alternative Physical Location(s) of Employees



Data Back-Up and Recovery (Hard Copy and Electronic)



Financial and Operational Requirements



Critical Systems and Replacement Procedures



Alternative Communications Between the Firm and Customers, Employees, and Regulators



Critical Business Constituents, Banks, Accountants, Lawyers, etc.



Books and Records Requirements



Disclosure of Business Continuity Plan with Both Employees and Clients



Updates and Annual Review

BUSINESS EMERGENCY CHECKLIST

PREPARED FOR (BUSINESS NAME)

PREPARED ON (DATE)



IN CASE OF EMERGENCY

EMERGENCY CONTACT NAME

EMERGENCY CONTACT PHONE NUMBER

BANK INFORMATION

BANK ACCOUNT NUMBERS

INSURANCE INFORMATION

INSURANCE ACCOUNT NUMBERS

CPA / BOOKKEEPER NAME

CPA / BOOKKEEPER PHONE NUMBER

ATTORNEY NAME

ATTORNEY PHONE NUMBER

FINANCIAL PROFESSIONAL NAME

FINANCIAL PROFESSIONAL PHONE NUMBER

RETIREMENT PLAN PROVIDER / THIRD PARTY ADMINISTRATOR NAME

RETIREMENT PLAN PROVIDER / THIRD PARTY ADMINISTRATOR PHONE NUMBER

PREPARING YOUR HOME AND BUSINESS

You and your staff must keep in mind that disaster could strike while you are at your office. You may be without emergency assistance for several hours, or even several days. To prepare, you should check which supplies you have to help take care of employees and clients until help arrives. The following items should be available in your office:



WORKING SMOKE DETECTORS AND FIRE EXTINGUISHERS

A schedule should be maintained to test detectors twice a year and extra batteries should be on hand. Check the pressure indicator on the fire extinguishers monthly.



EMERGENCY FIRST AID KIT

This emergency first aid kit should not be used for “ongoing” care and should be stocked with scissors, tweezers, a variety of bandages, gauze and gauze tape, anti-bacterial wipes, first aid ointment, vinyl gloves, first aid book, and any other items you deem essential. Please remember to check the kit regularly to be sure it is stocked with these items.



FLASHLIGHTS AND LIGHT STICKS

Flashlights and extra batteries should be kept on hand for emergency use. Non-toxic chemical light sticks can be taped next to light switches for emergency use.



AM/FM HAND CRANK RADIO

Keep a hand crank radio on hand to access local weather and emergency broadcast reports.



BOTTLED WATER

Have at least one gallon per person, per day to be used for drinking and cooking. Water should be stored in sizes that are easy to transport.



NON-PERISHABLE FOOD AND UTENSILS

A supply of non-perishable food should be kept on hand for emergencies. Be sure to have a manually operated can opener and plastic utensils.



PAPER AND OFFICE SUPPLIES

Keep a healthy stock of paper, markers, pens, pencils, toilet paper, tissues, paper plates and towels on hand.



TOOLS AND OTHER SUPPLIES

Keep supplies such as duct tape, waterproof plastic sheets, maps, a wrench, whistle, compass, plastic bucket with lid, gloves, hammer, and garbage bags in case you need them in an emergency.



BLANKETS AND PILLOWS

Keep blankets and pillows in a safe, dry place both at home and at the office (should you need to sleep in your location).



CAMERA

Cameras come in handy when it comes time to record your property damage. If the camera requires batteries, keep an extra supply available.



CASH

Cash should be kept on hand for emergency use.



EMERGENCY CONTACT LIST

Maintain a current list of emergency contact information and numbers for local authorities. Remember that in a time of emergency, electronic devices, cell phones and computers may not be operational. Keep a hard copy of the names, numbers, addresses, and web addresses of the people/websites you contact most frequently.



DOCUMENTATION

When a disaster hits, power, cell phones and computer systems may be unavailable. Be sure to have a written record of important phone numbers for support and to contact clients. Frequently used websites to access accounts will not be available in your “favorites” list on the computer. Knowing the URLs of important sites will come in handy.

USING THE BUSINESS CONTINUITY PLAN TO YOUR ADVANTAGE

Having a BCP is a great way to put your customers' minds at ease, allowing you to differentiate your business from the competition and providing a deeper and clearer understanding of your business.

The information you provide your customers concerning your BCP will give them trust that you have their best interests at heart.

Certainly the money and time you invest today would not come close to what a disaster may cost if you are not prepared. Don't forget to safeguard your greatest asset—your business.

For more information, contact your financial professional.

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