

PROTECT IT

# Business Continuity Planning

When the Unexpected Happens — Your Business Keeps Moving

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Succession planning covers what happens when you are permanently gone. Business continuity planning covers everything else — the flood, the cyberattack, the illness that sidelines you for three months, the vendor who disappears, the fire, the platform outage. These events do not end businesses. The absence of a plan does.

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## SECTION 1 — WHAT IT IS

Business continuity planning is the process of identifying the threats that could interrupt your business operations and building the systems, procedures, and resources that allow the business to keep functioning — or recover quickly — when one of those threats materializes. It is not about predicting the future. It is about making sure that when something unexpected happens, your business has instructions for what to do next.

The difference between a business that survives a disruption and one that does not is rarely the size of the disruption. It is almost always the presence or absence of a plan. A business with documented processes, backup systems, financial reserves, and a clear communication protocol can absorb a significant disruption and recover. A business where everything lives in the owner's head, one vendor handles a critical function with no backup, and there are no reserves — that business is one bad event away from a crisis that could be permanent.

### Business Continuity vs. Business Succession — The Distinction

These two concepts address different scenarios and require different plans. Understanding the distinction is what keeps people from assuming one covers the other.

#### Business Continuity

Addresses temporary disruptions — events that interrupt operations but from which the business can recover and continue. The owner or key people may be unavailable for a period. Systems may be down. A location may be inaccessible. The goal is to minimize the disruption, maintain client relationships, and restore full operations as quickly as possible.

#### Business Succession

Addresses permanent transitions — death, permanent disability, retirement, or a deliberate decision to exit. The business is being transferred, sold, or wound down. The owner is not coming back in the same role. The goal is a clean, intentional transfer of ownership and operations.

#### You Need Both

A succession plan without a continuity plan leaves the business exposed to every disruption that is not a permanent exit. A continuity plan without a succession plan leaves the permanent transition unaddressed. They cover different time horizons and different scenarios — and a business that is genuinely protected has both in place.

### The Threats That Require a Plan

Most business owners think about natural disasters when they hear business continuity. The reality is that the most common disruptions are far more ordinary — and the ones that blindside people most often are the ones they never thought to plan for.

DISRUPTION TYPE	WHAT IT LOOKS LIKE	WHAT FAILS WITHOUT A PLAN
Owner illness or injury	The owner is hospitalized, recovering from surgery, or managing a health condition for weeks or months.	Client work stops. Revenue drops. No one has authority to make decisions. Clients move on. Employees are uncertain.
Key employee or contractor loss	The person who runs a critical function — billing, client delivery, operations — leaves suddenly or becomes unavailable.	A critical function goes unmanned. Clients experience service failures. The owner scrambles to cover gaps with no documented process to follow.
Cyberattack or data breach	Ransomware locks business systems. Client data is compromised. Business email is hijacked. A vendor system you rely on is breached.	Operations halt. Client trust is damaged. Legal obligations to notify affected parties are triggered. Recovery is expensive and time-consuming without prior preparation.
Critical vendor or supplier failure	A key vendor goes out of business, fails to deliver, or terminates the relationship without notice.	A critical business function loses its provider with no backup in place. Scrambling for alternatives under pressure costs more and takes longer.
Natural disaster or facility disruption	Fire, flood, severe weather, or utility failure makes a physical location inaccessible or unusable.	Physical operations cease. Equipment and inventory may be damaged or destroyed. Remote work capacity determines how quickly operations resume.
Technology failure or platform outage	A critical software system, cloud platform, or communication tool goes down — sometimes for days.	Client-facing operations, internal communication, and billing may all be disrupted simultaneously if there are no backup systems or manual processes.
Financial disruption	A major client defaults on payment. A line of credit is called. A significant unexpected expense depletes reserves. Cash flow becomes critically tight.	Inability to meet payroll, vendor obligations, or operating expenses. Forced decisions under pressure that damage the business long-term.
Reputational crisis	A public complaint, a viral negative review, a media incident, or a social media situation that damages the brand's credibility rapidly.	Client inquiries pause. New business stalls. Without a communication plan, the silence or wrong response amplifies the damage.

## SECTION 2 — WHY IT MATTERS FOR YOU

For a small or mid-size business, a disruption that a large corporation absorbs without breaking stride can be existential. Large companies have redundant systems, deep financial reserves, and departments dedicated to risk management. Small businesses have the owner — and whatever the owner has thought to put in place. The difference in resilience is almost entirely a function of preparation.

### The Components of a Continuity Plan

A business continuity plan does not have to be a lengthy formal document. For most small businesses, it is a set of documented answers to the questions that would otherwise be unanswerable in a crisis. Here is what a complete plan covers:

#### Business Impact Analysis — Know What Cannot Stop

The first step is identifying which functions, systems, and relationships are critical to the business's survival — and what the impact is if each one is interrupted. Not everything is equally critical. Client billing may be more urgent than social media posting. A payment processing system may be more critical than a project management tool. The analysis identifies the priority order for recovery so that if resources are limited, they go to what matters most first.

#### Recovery Time Objectives — How Long Can Each Function Be Down

For each critical function, establish a recovery time objective — the maximum amount of time the business can tolerate that function being unavailable before it causes serious damage. Client invoicing may have a 24-hour recovery objective. A client communication channel may have a 4-hour objective. Knowing this in advance guides where backup systems and resources are prioritized.

#### Documented Processes — What Lives in Your Head Cannot Be Delegated

The single biggest vulnerability in most small businesses is undocumented process. If the only person who knows how to do something is unavailable, that function stops. A continuity plan requires that critical processes are written down — step by step — so that someone else can execute them. This includes client onboarding, billing and collections, vendor management, service delivery, and any other function that would be paralyzed if one person were absent.

#### Backup Systems and Redundancy

For every critical system or vendor, identify a backup. If your primary payment processor goes down, what is the alternative? If your primary communication platform is unavailable, how do you reach clients and team members? If your primary physical location is inaccessible, where does work happen? Redundancy does not require duplicate everything — it requires having thought through the answer before the question becomes urgent.

#### Data Backup and Recovery

Client data, financial records, contracts, and business documents must be backed up regularly and stored in at least one location that is separate from your primary systems. The 3-2-1 rule is the standard: three copies of

your data, on two different types of storage, with one copy offsite or in the cloud. A business that loses its data to a cyberattack or hardware failure with no backup has a recovery problem that may take months — or may be unrecoverable.

### Financial Reserves — The Business Emergency Fund

Three to six months of operating expenses held in a dedicated, accessible business account is the target. This reserve is what allows the business to continue meeting obligations — payroll, rent, vendor payments — during a disruption that interrupts revenue. Without reserves, a business that cannot generate revenue for 30 to 60 days may be unable to survive the gap even if the disruption itself is temporary.

### Communication Protocol — Who Gets Told What and When

In a disruption, the businesses that retain client trust are the ones that communicate proactively and clearly. The continuity plan should identify who is responsible for communicating with clients, what is communicated and how quickly, and what the messaging framework is for different types of disruptions. Silence during a disruption is read as incompetence or abandonment. A clear communication plan prevents that.

### Key Contacts and Authority

The plan must document who has authority to make decisions if the owner is unavailable — and what those decisions can and cannot include. It should also include a contact list for critical relationships: key clients, vendors, the business attorney, the accountant, the insurance carrier, the bank. In a crisis, the person executing the plan should not have to search for this information.

## Recovery Priority — What Gets Fixed First

Not every business function has the same recovery urgency. This framework gives you a starting point for identifying your own priority order. Every business is different — adjust this to match what your business actually depends on.

BUSINESS FUNCTION	RECOVERY TIME TARGET	MINIMUM REQUIREMENT TO OPERATE
Client communication	Within 4 hours of disruption	Access to email or phone; a message that acknowledges the disruption and sets expectations
Payment processing	Within 24 hours	At least one backup payment method that can accept client payments
Client delivery / service	Within 24–48 hours	Documented process that another person can follow; access to client files
Internal operations	Within 48–72 hours	Core project management and communication tools restored or replaced

Financial records and billing	Within 72 hours	Access to accounting system or backup records; ability to issue invoices
Marketing and social media	Within 1 week	Can be paused without immediate revenue impact in most businesses

**The Test That Tells You If Your Plan Actually Works**

A continuity plan that has never been tested is a document. A tested plan is a capability. Once a year — or after any significant change in the business — walk through a scenario: pretend you are unavailable for two weeks. Who does what? Where are the documents? What cannot happen without you? Every gap you find in the exercise is a gap you can fix before it matters. Every gap you do not find is a gap that surfaces in an actual crisis.

## SECTION 3 — HOW IT FITS YOUR WEALTH PICTURE

Business continuity is wealth protection in its most immediate form. Every disruption that the business survives without significant financial damage is a disruption that does not set back the wealth-building timeline. The reserves stay intact. The client base stays intact. The revenue resumes. The plan is what makes that possible.

### Continuity Planning + Business Insurance

Business interruption insurance — a coverage often included in a Business Owner's Policy — replaces lost revenue when a covered event forces the business to suspend operations. It is the financial layer that bridges the gap between when the disruption happens and when full revenue resumes. The continuity plan determines how long that bridge needs to be. A business that can resume client-facing operations in 48 hours needs a shorter bridge than one that cannot operate for three months. Know your plan, then confirm your coverage matches it.

### Continuity Planning + Financial Reserves

The continuity plan identifies exactly how much the business needs in reserves to survive the most likely disruption scenarios. Three to six months of operating expenses is the standard target — but the right number for your business depends on your specific overhead, your client contract structure, and how quickly revenue can resume after a disruption. The continuity plan makes the reserve target specific rather than arbitrary.

### Continuity Planning + Key Person Risk

If the business depends heavily on one person — the owner, a key employee, a critical contractor — the continuity plan must address what happens if that person is unavailable. This includes documented processes that person handles, identified backups, and the financial resources to bring in temporary support if needed. Key person insurance provides the financial bridge. The continuity plan provides the operational one.

### Continuity Planning + Cybersecurity

Cyberattacks are among the fastest-growing sources of business disruption — and among the most underestimated by small business owners. A continuity plan that does not address cyber threats is incomplete. This means data backup and recovery procedures, employee protocols around phishing and credential security, cyber liability insurance, and a clear response plan if a breach occurs — including legal obligations to notify clients whose data may have been compromised.

### Continuity Planning + Business Value

A business with a documented continuity plan is worth more than one without one. When you go to sell, buyers evaluate risk. A business that is demonstrably resilient — with documented processes, redundant systems, and a clear recovery framework — is a lower-risk acquisition. Lower risk commands a higher valuation. The plan

you build to protect the business today also increases what the business is worth when you are ready to exit.

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### **Your Business Continuity Starter Plan — Answer These First**

What are the three to five functions that, if they stopped, would immediately put the business at risk? Those are your critical functions. For each critical function: who else knows how to do it? Is the process documented anywhere? If not — that is the first thing to fix. What systems does the business depend on daily? For each one: what is the backup if it goes down? Where is business data stored? Is it backed up automatically? Is the backup tested? Is there an offsite or cloud copy? How many months of operating expenses does the business currently have in reserves? What is the target? If you were unavailable for four weeks starting tomorrow — who would clients contact? Who would handle billing? Who would make decisions? Does that person know they are the backup? What does your business interruption insurance cover? Does it match the actual recovery timeline your business would need? Start with the gaps. Fix the most critical ones first. A plan does not have to be perfect to be useful — it just has to exist.

### **A Note on How PEG Handles This Topic**

This guide is educational. Business continuity planning ranges from a simple documented checklist for a solo operator to a comprehensive formal plan for a multi-person business. The right depth depends on the size, complexity, and risk profile of your business. For businesses in regulated industries — healthcare, financial services, government contracting — continuity planning may have specific legal or contractual requirements. PEG's role is to make sure every business owner understands that this plan needs to exist — and has the framework to build one that is appropriate for where their business is right now.

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