

**OUTSMART**

**DISASTER**

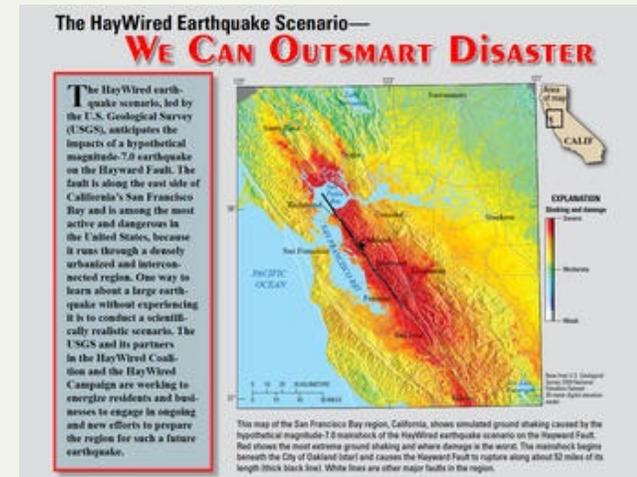
## This orientation will introduce you to:

- The origin of the Outsmart Disaster campaign
- Your trainers – Lia and Jesse
- The benefits of preparedness planning
- Program format and schedule
- How to make the most of the program

# About the Program

*“Together, we can outsmart disaster.”*

- Originally launched in 2018 as a collaboration of US Geological Survey, CA Seismic Commission and CA Business, Consumer Services and Housing Agency in anticipation of the next large earthquake.
- Asked the big questions: “Are our buildings safe?” “Are our operations safe and supply chains ready?” “Is our data secure?”
- The partners were seeking a way to:
  - Encourage the development of preparedness plans
  - Increase collaboration between private and public sector
  - Open access to information and solutions that could be broadly and rapidly applied to a variety of scenarios



# About the Program

Today, the Outsmart Disaster Campaign, is led by BCSHA and The California Academy for Economic Development, with oversight by the Outsmart Disaster Advisory Council.

Our goal is to help California businesses begin their resiliency efforts so they can quickly respond to interruption and get back to business with the help of a revamped Outsmart Disaster website, online Resilient Business Challenge, a Resiliency Toolkit and Live Training.



# The Value of Preparedness

- Californians face a staggering range of potential natural and manmade disasters. These can include everything from pandemic to fires to unanticipated power outages.
- Following a disaster, roughly 40 percent of small businesses never reopen. (source: FEMA)
- Effective planning enables you to make your business more resilient to disasters.
- Preparedness will minimize damages and protect your business, employees, customers, and community.

# Who It's For

- Training is for small business owners as well as economic development personnel, city and county government workers, elected official staff
- Businesses seeking tools to immediately boost their resiliency to future manmade and natural disasters
- Those with limited time and seeking easy to digest, actionable preparedness information and tools

# Meet Your Trainers



**Jesse Torres** is Principal for ArroyoWest LLC, an economic and workforce development consulting firm specializing in small business and disaster programs. ArroyoWest is proud to be the local liaison and implementation partner for the Outsmart Disaster Campaign. Jesse is the former principal Small Business Advocate for the State of California and Deputy Director of Small Business and Innovation for Governor Brown's Office of Business and Economic Development (GO - Biz). During his time at GO - Biz, Torres led small business recovery efforts following major disasters including the destructive 2017 Northern California Tubbs and Southern California Thomas Fires and Montecito mudslides.



**Lia Nitake** is a public affairs and economic development specialist based in Sacramento. She has worked with government, non - profit, and multilateral institutions in support of business and economic development at the local, state, and international levels. She is the former Director of Public Policy at the California and Sacramento Asian Pacific Chambers of Commerce. Lia served as an international development specialist at the World Bank, focusing on water and climate policy. She was formerly a Junior Research Fellow at Carnegie Europe, a foreign policy think tank, where she worked on trade and regional economic integration.

# Training Format and Schedule

## Class Schedule

Thursday, July 23 @ 10AM

Thursday, July 30 @ 10AM

Thursday, August 6 @ 10AM

Thursday, August 13 @ 10AM

Thursday, August 20 @ 10AM

Lesson 1: Orientation/Prepare and Anticipate

Lesson 2: Support Key Stakeholders

Lesson 3: Secure and Protect

Lesson 4: Adapt and Recover

Lesson 5: Rinse and Repeat/Culmination

# Program Resources

A Training Program Page has been set up just for you!

<https://outsmartdisaster.com/business-resiliency-training-program/>

- Upcoming webinar information
- Recorded past webinars
- Curriculum materials
- Contact information

Other Resources:

- General Outsmart Disaster Website
- Resilient Business Challenge
- Resiliency Toolkit
- Outsmart Disaster LinkedIn page
- Additional learning opportunities as they become available

# Making the Most of the Program

- Dedicate part of each week to review the materials and apply them to your organization.
- Determine who else should be included in your planning.
- Before each session, briefly review material to be covered.
- After each session, evaluate and identify your top priority planning needs.
- Apply the lessons to your own organization. Make it relevant to you.
- Be an active participant.

Let's Begin the Lesson!

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**Lauren Cartwright**

Business Retention & Expansion Program  
Sonoma County Economic Development Board

Manager



# Lesson 1: Prepare and Anticipate

Among the key items we will cover:

- Determining your essential business functions
- Assessing your business process dependencies
- Documenting Your business
- Initial assessments and planning scenarios

# Key Goals

By the end of this, lesson you will have gained:

- An understanding of the underpinning elements of your business and how to document those processes
- An understanding of how to begin prioritize your business processes
- An understanding of your key vulnerabilities and how to strategize to mitigate those vulnerabilities

# Understanding Your Essential Functions & Mapping Business Dependencies

Essential business functions are the activities that must always continue , even during and after an emergency. Key questions and criteria to consider:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Is it sensitive to downtime?</li><li>• Does it fulfill legal or financial obligations to maintain cash flow?</li><li>• Does it play a key role in maintaining your business' market share and reputation?</li></ul> | <ul style="list-style-type: none"><li>• What is a current business activity that if not completed has the potential for revenue loss?</li><li>• Does the successful completion of this function depend on other functions?</li><li>• What business objective does this function support?</li></ul> |
|---|--|

Some examples could include: Payroll and accounting processes, shipping, vendor relations, and sales activities.

# Introducing Today's Business Example

## Sharon's SF Bakery



### SHARON'S SF BAKERY – “Best cakes in the Bay”

- LOCATION: San Francisco
- EMPLOYEE SIZE: Three – Herself, an apprentice and two part-time front-line staff
- YEARS IN BUSINESS: Three
- ANNUAL REVENUE: \$350,000

# Understanding Your Essential Functions: Using a Business Impact Analysis Worksheet



## Business Impact Analysis Worksheet

Department / Function / Process SALES

### Operational & Financial Impacts

Timing / Duration	Operation Impacts	Financial Impact
NOVEMBER TO DECEMBER	LOST REVENUE, NEGATIVE CASH FLOW, IMPACTED EMPLOYEE HOURS	50% DROP IN REVENUE



SHARON'S SF BAKERY

# Understanding Your Essential Functions: Using a Business Impact Analysis Worksheet



SHARON'S SF BAKERY

## **Timing:**

Identify point in time when interruption would have greater impact (e.g., season, end of month/quarter, etc.)

## **Duration:**

Identify the duration of the interruption or point in time when the operational and or financial impact(s) will occur. • < 1 hour • >1 hr. < 8 hours • > 8 hrs. <24 hours • > 24 hrs. < 72 hrs. • > 72 hrs. • > 1 week • > 1 month

## **Operational Impacts**

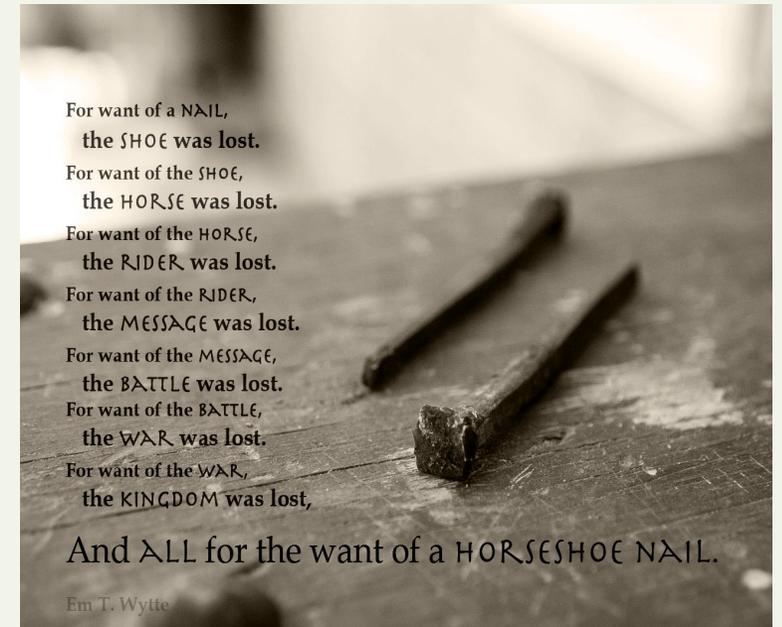
• Lost sales and income • Negative cash flow resulting from delayed sales or income • Increased expenses (e.g., overtime labor, outsourcing, expediting costs, etc.) • Regulatory fines • Contractual penalties or loss of contractual bonuses • Customer dissatisfaction or defection • Delay executing business plan or strategic initiative

**Financial Impact** Quantify operational impacts in financial terms.

# Mapping Business Dependencies

A business process can sometime be a very complex systems like “marketing” or “supply chain management.”

It is helpful to what the individual business dependencies are for the system and exactly what the components are that the process relies upon in order to be completed.



# Mapping Business Dependencies

## Dependency Mapping

Organizations operate within a network and if any part of that network stops functioning the whole thing has problems. Therefore, it is important to work together to ensure that all of your partners are able to function well after a disaster.

Use this document to identify what and whom your organization may rely on to perform essential processes. That is, if these resources were unavailable, it would make it difficult or impossible to perform critical process. Consider skilled personnel, specialized equipment, a specific environment, or critical vendors. The more complex processes may rely on multiple resources. *Remember that others are also depending on you. Be sure to document upstream dependencies in separate section or version of this form.* Once all dependencies are documented, you can make plans (e.g., alternate suppliers or workarounds) to mitigate the risk should they experience a disruption.

Document the resource dependencies for each essential process.

#	Essential Process	Internal Dependencies			External Dependencies	
		Personnel	Vital Records & Data Systems	Equipment & Facilities	Vendors/Suppliers	Other
1	BAKING	SHARON AND HER APPRENTICE MARLA	POINT OF SALES SYSTEM AND ONLINE ORDERS	KITCHEN EQUIPMENT, CASH REGISTER	LOCAL FARM FOR SUPPLIES, DELIVERY SERVICE, WEBMASTER	LOCAL BUSINESS PARTNERS
2						



SHARON'S SF BAKERY

# Another Example – Service Provider



## ANGELA'S BUSINESS CONSULTING

Provides most of her services through electronic mail communication with clients, whether it's a strategic memo or an introduction to a new partner. If she is unable to send an email, she could find herself in serious trouble meeting the needs of his clients.

- What is a current business activity that if not completed has the potential for revenue loss?  
Her ability to send and receive email correspondence.
- Does the successful completion of this function depend on other functions?  
Yes - dependent on her ability to access her business laptop and a Wi-Fi network.
- What business objective does this function support?  
Critical to project management and sales revenue.

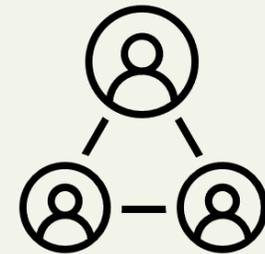


**PAUSE, BREATHE, STRETCH  
ANY QUESTIONS SO FAR?**

# Documenting Your Business

Documentation is an easy way to get a grasp on those things that are essential to your business and beginning to strategize how to protect those assets.

Begin with the contacts who matter most — such as your management team, your employees or other key stakeholders like your suppliers. **When a disaster strikes, immediate communication with your key stakeholders, especially your employees is critical**



# Documenting Your Business: Key Stakeholders

American Red Cross  
**Ready Rating**

## Management Contact Information (Repeat as often as needed)

Employee Name	Primary Phone #	Secondary #	Out of Area #	Email Address
John Doe	555-555-5555	555-555-5555	555-555-5555	jdoe@gmail.com

## Emergency Response Team Contact Information (Repeat as often as needed)

Team Member	Primary #	Secondary #	Email Address #	Alternative Contact
John Doe	555-555-5555	555-555-5555	jdoe@gmail.com	jdoe@gmail.com



# Documenting Your Business: Equipment

When documenting equipment, a key practice is to determine what exactly is essential.

Take note of a few strategic considerations about your equipment:

- Can the equipment be safely moved?
- How and where would you move it?
- Can you protect it if you left in its current location?
- Is this customized equipment?
- Do you have all of the necessary paperwork – warranties, receipts, user manuals?
- Can you easily replace it, rent another or outsource the service it provides if you had to?

# Documenting Your Business: Equipment



SHARON'S SF BAKERY



## Know Your Equipment

Use this form to document key equipment, machinery and other items you will need to fulfill your critical business functions.

Updated: 12/1/20

Next Review Date: 12/1/20

Item: Doyon E336TLO Full Height Three Section Roll-In Proofer

Related Business Function Name(s): Baking

Brief Description of Item: A roll-in proofer

Manufacturer: Doyon

Model No: E336TLO

Serial No: 350E336TLOS

Asset Tag Number: 2A

Quantity: 1 Purchase/Lease Date: 7/22/18 Purchased/Leased New or Used: Purchased

Price Paid: \$14,500

Physical Location Within Facility: Kitchen, Rear wall

Is this equipment replaceable? Yes If so, how long to become functional? 1WK| If not replaceable, what are your options? Local community college has a proofer available for use

Are there spare parts available? No If so, explain.

Is vendor/manufacture installation required? Yes

Primary Supplier/Vendor: Jerry's Bakery Equipment, Napa

Alternate Supplier/Vendor: Grace's Better Than Jerry Bakery Equipment, Sonoma

Order Time for Replacement: 2 Weeks Min

Warranty or Service Contract Info: Information on computer

(Attach photos)

Notes:



# A Brief Review

Key takeaways from the first half of today's lesson.

We explored the initial work of preparedness, including

- Understanding your essential business functions
- Mapping the dependencies that make those functions possible
- Documenting your business including key stakeholders and essential equipment

In the last part of today's lesson, we dive headlong into initial assessments and planning scenarios to help you determine the likely impacts of disruption.

# Identifying Impacts of Disruption

An important step in identifying the impacts of business disruption is assessing disaster risk. Those things that pose the biggest threats to your business.

Depending on your location, business type, and a range of other factors, your business will face different risks.

Once you have an understanding of these risks and prioritize them, you can develop a resiliency plan that allows you to prepare effectively and invest your time and money wisely.

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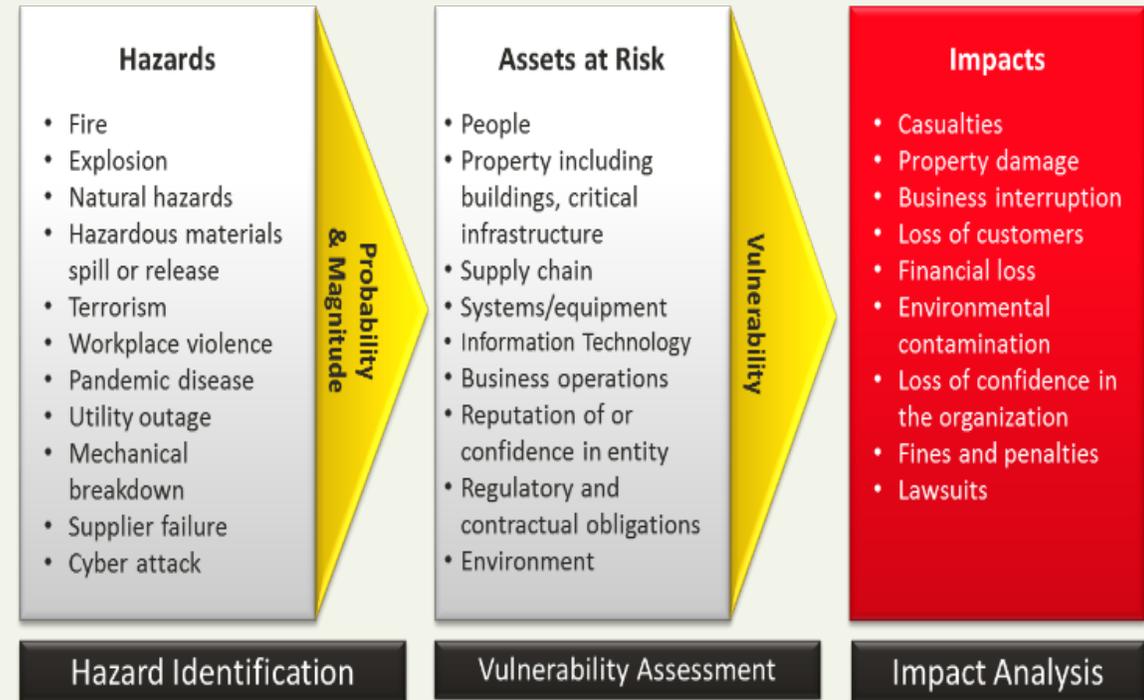
## Outsmart Recommendation:

Be thoughtful in considering the probability of a particular event. For example, a coastal city is at greater risk for tsunami than an inland area.

# Identifying Impacts of Disruption: Risk Assessment

One way to approach risk assessment is to simply start identifying likely hazards that may occur in your vicinity – whether natural or manmade.

FEMA has a risk assessment model that may be helpful in generating some ideas on likely risks.



# Identifying Impacts of Disruption: Risk Assessment



SHARON'S SF BAKERY

 Ready Business.

Risk Assessment Table

(1) Asset or Operation at Risk	(2) Hazard	(3) Scenario (Location, Timing, Magnitude)	(4) Opportunities for Prevention or Mitigation	(5) Probability (L, M, H)	Impacts with Existing Mitigation (L, M, H)					(11) Overall Hazard Rating
					(6) People	(7) Property	(8) Operations	(9) Environment	(10) Entity	

Operation at Risk	Hazard	Scenario	Opportunities for Mitigation	Probability	Impacts with Existing Mitigation					Overall Hazard Rating
					People	Property	Operations	Environment	Entity	
Baking	Earthquake	7.0 - 5:30AM	Securing heavy equipment, earthquake training, emergency contact list, alternative baking arrangements	High	High	High	High	High	High	High

# Identifying Impacts of Disruption: Recovery Needs

Using the information from your risk assessment, you can now make an informed decision regarding the recovery needs for each of your essential business processes.

The type of the likely disaster incident will help to make decisions on practical questions such as:

- What essential process are you seeking to recover?
- At what point in time do you need the process up and running again?
- Who is responsible for recovery?
- What location will be used for recovery?

# Identifying Impacts of Disruption: Recovery Needs

Document the essential processes to be recovered.

Essential processes to be recovered	Recovery Time Objective At what point in time do you need the process running again?	Name and role of individual(s) responsible for recovery	Recovery location
1			
2			
3			
4			
5			
6			

Document any equipment or network services that are necessary to carry out essential processes in the event of a disaster or disruption.

PRIMARY		BACKUP/SECONDARY	
Equipment/Network	Location	Equipment/Network	Location

## SHARON'S BAKERY

- **Essential Process:** Baking
- **Recovery Time Objective:** 7 days
- **Individual Responsible for Recovery:** Sharon
- **Recovery Location:** Local community college commercial kitchen
- **Actions/Estimated Time:**
  - **Implement agreement:** 2 days
  - **Move supplies:** 3 days
  - **Train staff:** 2 days



# Identifying Impacts of Disruption: Recovery Needs

American Red Cross  
**Ready Rating™**

## Process Recovery Form

Document the essential processes to be recovered.

Essential processes to be recovered	Recovery Time Objective <i>At what point in time do you need the process running again?</i>	Name and role of individual(s) responsible for recovery	Recovery location
1 BAKING	7 DAYS	SHARON	LOCAL COLLEGE
2			
3			
4			
5			
6			

Document recovery action items for each process.

For each process there will be a series of actions required for the recovery. It may not be the individual normally responsible for the process who is involved in the recovery, so it is important to describe in detail the steps involved. Providing an estimated time for actions to be completed will support planning and help set realistic expectations for recovery. *Expand the tables as necessary to complete the actions for each process. Following a test or actual incident, review recovery procedures and update your plan based on lessons learned*

#	Action	Estimated time
1	EXECUTE AGREEMENT - NOTIFY COLLEGE	2 DAYS
2	MOVE SUPPLIES	3 DAYS
3	TRAIN STAFF	1 DAY
4		
5		
6		
#	Action	Estimated time



SHARON'S SF BAKERY

# Identifying Impacts of Disruption: Beginning Business Continuity Planning

Assessing your risks and recovery needs are a lead in for building your business continuity plan. A business continuity plan will help you minimize the impact of the largest vulnerabilities on customers, employees and business assets while meeting legal, regulatory, and contractual obligations. Considerations could include impacts of setbacks such as:

- Short - term power outage
- Loss of water
- Loss of internet
- Loss of cellular telephones

Or as we have recently witnessed in the case of disease outbreak:

- Fast - changing local and state safety requirements
- Public health mandates

# Identifying Impacts of Disruption: Business Continuity Planning

The California Office of Emergency Services has created a business continuity plan template that you can customize to formulate your own company - specific approach to the continuity.



# Lesson Recap

We hope that you have found today's lessons to be informative and useful in understanding how to take the first big steps in preparing and anticipating disaster.

Among the topics we covered were:

- Determining your essential business functions
- Assessing your business process dependencies
- Documenting your business including key stakeholders and essential equipment

We also learned the basics of identifying the impacts of disruption including:

- Risk Assessment
- Recovery Needs
- A quick look at business continuity planning

# Questions?

How to contact us:

- Jesse and Lia - [arroyo@outsmartdisaster.com](mailto:arroyo@outsmartdisaster.com)
  - Questions about the training program
  - Questions about the website and portal

# Thank You!

Next lesson: “Support Key Stakeholders”

Thursday, July 30 at 10:00AM

We'll see you then!