



## Business Impact Analysis: The First Step to Business Continuity Planning

Conducting a **Business Impact Analysis (BIA)** for a small business involves identifying the critical functions and processes that are vital for your operations, assessing the potential impact of disruptions, and prioritizing recovery efforts. Here's a step-by-step guide to properly conduct a BIA for a small business:

### 1. Define Objectives and Scope

- **Objective:** Understand what your business wants to achieve with the BIA, such as identifying critical processes, potential impacts, and recovery priorities.
- **Scope:** Determine what areas of the business the BIA will cover (e.g., specific departments, processes, or functions).

### 2. Identify Key Business Functions and Processes

- List **core functions** necessary for business continuity (e.g., sales, customer service, IT, supply chain).
- Interview stakeholders (employees, managers) to identify which processes are essential and their dependencies.

### 3. Identify Potential Risks and Threats

- Determine risks that could affect business operations, such as natural disasters, cyberattacks, supply chain disruptions, or IT failures.
- Include internal and external factors that could disrupt business continuity.

### 4. Assess the Impact of Disruptions

For each key function or process, evaluate the **quantitative** and **qualitative** impacts of an interruption:

- **Financial impact:** Lost revenue, increased costs, etc.
- **Operational impact:** Delays, backlog, etc.
- **Customer impact:** Loss of trust, customer dissatisfaction, etc.
- **Legal/regulatory impact:** Non-compliance, fines, etc.

## 5. Determine Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO)

- **RTO:** How quickly each business function needs to be restored to avoid unacceptable losses.
- **RPO:** The maximum allowable data loss (i.e., how much data you can afford to lose before significant disruption).

## 6. Prioritize Critical Functions

- Rank the importance of business functions based on their criticality and the time sensitivity for recovery.
- Focus resources on **high-priority functions** that have the most significant impact on the business if disrupted.

## 7. Develop Mitigation and Recovery Strategies

- For each critical function, determine strategies to minimize the impact or prevent a disruption (e.g., backups, alternate suppliers, remote work options).
- Plan for recovery solutions that align with your RTO and RPO objectives.

## 8. Document the BIA

- Create a formal report summarizing:
  - Critical processes/functions
  - Potential impacts
  - RTO and RPO
  - Prioritization of recovery
  - Mitigation strategies

## 9. Review and Update the BIA Regularly

- Schedule regular updates to your BIA as the business evolves or as new risks emerge.

By following these steps, a small business can ensure they understand the potential impacts of disruptions and have a solid foundation for their **business continuity plan (BCP)**.