



Section 7 – Budgeting and Acquisition

Description of topic

It is estimated that after a major disaster, 30% of private sector businesses will immediately collapse, and up to 70% will fold within three years. This is in large part due to leadership failing to recognize the need to plan, how they will recover, invest the resources required to be able to do so, and prepare personnel to manage the transition into, through and back out of an event.

Government entities may not risk closure due to lost profits or inventory, but they are answerable to their citizens and legislative bodies for additional costs to operate during, and recover from, an event. They may lose funders if they cannot meet their contractual commitments. And they must be able to explain their inability to continue delivery of services they are put in place to provide. If they cannot satisfy those to whom they are responsible it is possible that they will lose some or all their mission to entities that survived the disaster with minimal interruption.

Planning to continue your entity's most important and time sensitive functions and return full operations as quickly as possible is the only way to ensure that your organization continues to exist and retain the trust of key stakeholders, funders, customers and even your own personnel.

Creating a continuity program takes resources, and these must be invested before an event occurs, while the organization is fully operational. With all the budget responsibilities already competing for the attention of senior leadership it becomes too easy to channel those funds into provision of immediate services rather than on planning for something that 'may never happen'. In the public sector it is especially tempting to gamble on the possibility that if an event occurs legislators will find the funds to rescue a critically damaged entity rather than letting expectations go unmet.

Experience has shown however that it is more a matter of when than if an event will occur that will knock an organization out of being able to operate for some critical amount of time. Severe weather events, IT breaches, criminal and terrorist activities, and loss of (often aging) infrastructure or resources create a quagmire of opportunity for it to become impossible to conduct business as normal for a period.

It is necessary to set the expectation that continuity preparation requires money. Some places where it may be necessary to invest in survival include

- Personnel with the knowledge to develop continuity and risk, safety and emergency plans

This section helps you:

- Create a strategy to improve your program capabilities over time.
- Emphasize the need for adequate support and provision from senior management and accounting in the overall organizational strategic and multi-year budgeting process.
- Lay a foundation that can be referenced when an event occurs that supports the need for resources.

Location

Budgeting and Acquisition section

- Describe the purpose of using a multi-year strategy to obtain the resources needed to support a highly effective continuity plan.
 - Prioritization of needs.
 - Planning for procurement over time of resources necessary, some of which may be expensive, to sustain continuity operations.
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Budgeting and Acquisition appendix

- Copy of the multi-year plan.

Summary

It is important to determine ahead of time every resource that is truly needed to transition to and operate within continuity, and for recovery to full operations. Some of these will be inexpensive and may be obtainable immediately, but others (such as data backup and recovery costs of alternate space, procuring replacement equipment, infrastructure and supplies, and recovering damaged documents or data) may take a significant outlay of funds. Some may require budget increases via legislative allocation.

Once the 'wish list' is developed you can work with senior leaders, accounting and procurement staff to determine what can be purchased immediately and what will have to be budgeted for a later time. Adding continuity to the overall long-range budgeting plan of the organization ensures that these critical items, and crisis survival continue to be a priority.

The list may also lead to transference strategies such as the purchase of property insurance with a business interruptions or time element rider to defray the costs of continuity and recovery activities.

Resources, tools and templates to guide planning

Internal

- Senior leaders.
- Accounting Team.
- Procurement.

External

- Insurance providers.
- Data backup and disaster recovery service providers.