

Do you know the possible threats for your startup & are you prepared?

- A simplified checklist for Startups -

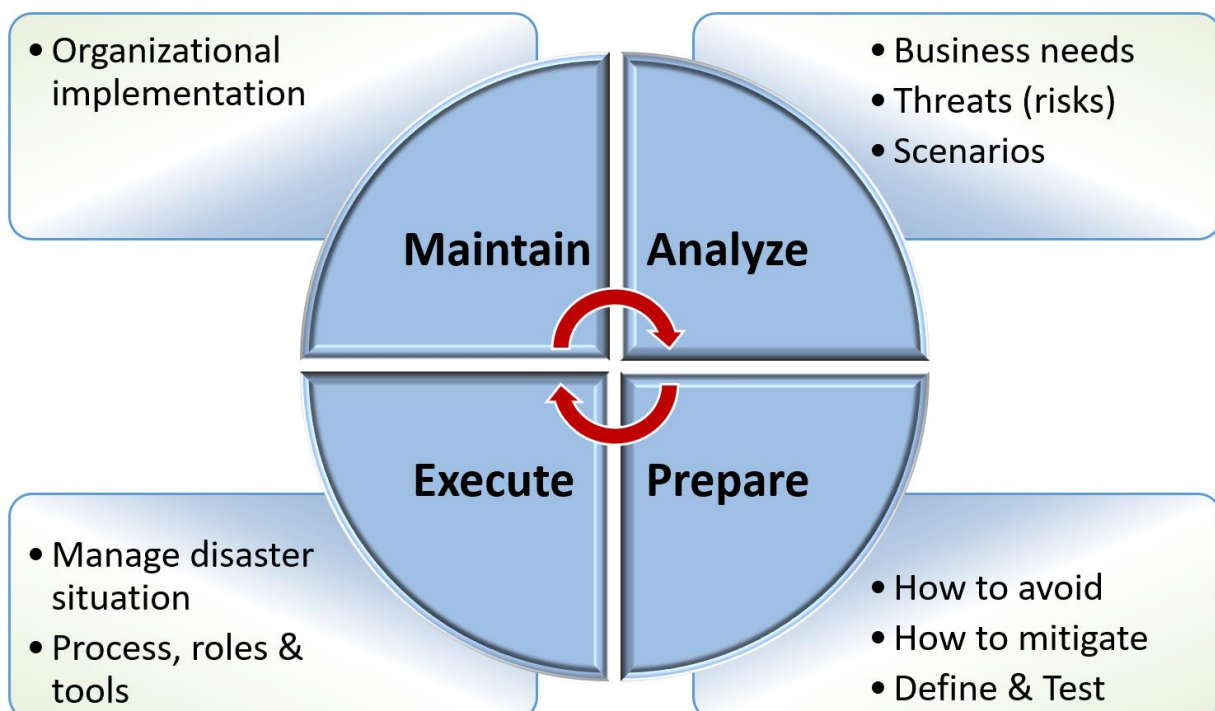
Intro

Due to the current danger of COVID-19 (Coronavirus) several startups approached us and asked how they should prepare for such cases. This motivated us to write this document. This document makes no claim to be complete, it should only provide food for thought. Treat this as a simplified "Business Continuity Management & Disaster Recovery"- Checklist. You can also check out the ISO Standards (e.g. ISO 22301) as a reference. Every startup is unique, nobody can do the work for you, but hopefully it helps you to get prepared. If you have questions, please do not hesitate to reach out to us (*sharing-is-caring* is part of our culture).

I would like to thank Keith Sue from the Founder Institute, who helped us to put this together. The Founder Institute is currently writing a detailed guideline focusing on the COVID-19 threat. Using that document together with this checklist may help your startup to get prepared for COVID-19 threat even better (it will be published shortly on www.founderwellbeing.com).

Overview

There are many threats which can hurt your Startup. Some are avoidable (so it helps to know them), others you are able to reduce the impact up-front (so it helps to be prepared) and if it occurs, you should know how to manage it. And all together needs to get implemented in your startup-organization.



Checklist (food for thoughts)

The checklist below highlights some key potential questions for each section. These are, however, just examples, which hopefully help you to define your own lines of inquiry depending on your individual situation.

Analyze	
<p>Business needs <i>Which important business aspects could be impacted and for how long would you be able to manage without?</i></p>	<p>This fully depends on your business...</p> <ul style="list-style-type: none"> • In case you are building up IT services, which of the services are business critical? How long could you manage if they are not available? What if you would lose all your data or part of it? Don't forget the "simple things" e.g. Once I had to re-install my email system and lost all my calendar entries (emails I did backup, but forgot calendar) • As a startup you are building something up. How long could you manage if development stops / is put on hold? • What if you do not have access to liquidity (money)?
<p>Threats <i>What are the problems which really would hurt?</i></p>	<ul style="list-style-type: none"> • Loss of staff (including your co-founder) • IT System not available • Loss or failure of premises • Main provider not able to deliver • Running out of money / liquidity
<p>Scenarios <i>What are the risk scenarios which could cause these threats?</i></p>	<p>There are endless scenarios, it is important to find those, which are critical for your startup. What if...</p> <ul style="list-style-type: none"> • Pandemics: What if 50% of your team is ill? Or they need to work from home, because school is closed, and children stay at home? • What if your co-founder walks away? • What if your investor reconsiders investment due to some other events in the world (an event like the Coronavirus may require his attention and delay things for several months)? • What if your provider is also a startup, becomes insolvent and must close business? • What if there are political changes preventing you from doing business with your main customer group? • What if a natural disaster unexpectedly ends your resource access (e.g. you are in the wood business and a volcanic eruption stops your single source)
Prepare	
<p>How to avoid <i>What can you do, that a disaster does not happen?</i></p>	<ul style="list-style-type: none"> • In case of pandemics, can you avoid getting ill? E.g. minimize traveling, talk with the team not to shake hands. Is a large co-working-space the right thing right now or attending a large international startup-event etc.? • Can you pay out minimum salaries to avoid people walking away? • Do you really know your co-founder and the team (what motivates them)? If you don't know them, it is probably hard to understand why they "have to" walk away from the startup (e.g. single-income household?) or how you can help.

<p>How to mitigate <i>Not everything can get avoided, but usually the impact can get reduced</i></p>	<ul style="list-style-type: none"> • Do you have a founder’s contract (which defines what happens if co-founder walks away)? • If key people leave or fallout (e.g. due to illness), are the artefacts centrally stored and available / accessible for others? Do you even know what this person is working on? (e.g. we follow “continues development-approach”. That means code is continuously delivered / checked in. We use trello to manage who is working on what. We have clear versioning definition in place etc.). And does more than one person have access to the bank account? • Are you prepared for “working from home”? (How to share documents, do you have a conf-call-setup in place (there are free services available e.g. www.freeconferencecall.com), do you have access to your IT infrastructure...?) • How to reach each other in case of issues (e.g. does the team has mobile numbers from each other? Does the team know who to contact in case of a crisis?) • In case of liquidity problems, do you have a “plan B” in place? Maybe an already existing investor would be willing to step in (e.g. giving you a credit for a short duration). But that may only work, if you discussed this early and not only if you are already in crisis-mode (usually a startup gives himself 8-12 months for the first phase. If everything gets delayed by 2-3 months in the worst moment, because of pandemics, this is not “bad planning”, but a crisis).
<p>Define & Test <i>To check if you are prepared, you need to “test” it</i></p>	<ul style="list-style-type: none"> • Define what must be done in case of a disaster (see next part). Depending on the disaster different measures / processes are required. • If you are prepared you only will find out, if you test the scenarios. Pick one of the scenarios and test if you would be able manage the disaster. After your first test you probably will have to adjust certain things based on your learnings. Paper is patient the environment is not.
<p>Execute</p>	
<p>Manage disaster situation <i>Execute</i></p>	<ul style="list-style-type: none"> • A pre-defined team (“Crisis Management Team” or also called Situation Management Team) takes lead in case of disaster situation. • Define clear criteria (triggers), which allow to define if a situation classifies as a disaster. This allows the team to execute (the defined) operational processes without additional approval (this helps not to lose time) • Communication: Who (e.g. the Crisis Management Team) communicates what, in which case, to whom (e.g. to customers, investors, team) and when? It helps to have text / tools ready in advance (this even could be an email receiver list or a predefined landing page, which you could activate when needed)
<p>IT / business recovery & continuity</p>	<ul style="list-style-type: none"> • Processes - who does what in which case (What tools are required? E.g. a manual which allows another person to recover the system. Don’t forget

<i>How to recover / continue in case of disaster</i>	to make sure those persons must have the required access rights to execute)
Maintain	
Implement <i>Implement it in your organization</i>	<ul style="list-style-type: none"> • Define the “Crisis Management Team”. This team leads the analysis and execution (in larger organization the role is split into several roles/teams) • If new team members join, how do they get notice of this? • You may want to define up front how often you want to run a test e.g. in case of a major IT releases you may want to check, if disaster recovery still works (maybe you need to adjust some steps) • Does the management team fully support the whole initiative?

Why you should spend time on this whole topic?

Getting prepared does not mean panicking, it is the opposite. The Coronavirus maybe just trigger some thoughts / made you more aware of possible threats.

Some of you may think “why should I care” or “this is too much of an overhead for a startup”. As a startup you take a lot of risks, you probably would like to avoid the ones you can (or mitigate). Mainly as you may not have the resources to “try again”. I remember when my co-founder and I discussed “what happens if one of us walks away...”. This was not an easy discussion as it revealed a lot of unspoken thoughts, from both of us (respectively not knowing all the motivation / drivers of each other well enough – even we know each other since years). It was extremely valuable, helped us to come up with a good founders’ contract and it also bound us together as a team even much closer.

It is the same for most of the other aspects. If it is not important, it will not find its way on your list. And if you define something as important, you probably want to be in the driver seat and not waiting for something to happen.

The great thing as a startup, you don’t need to reinvent the world again. Don’t forget to google e.g. you are building up a Blockchain exchange / bank? Did you know that the Swiss Bankers Association (SwissBanking) has put together “Recommendations for Business Continuity Management (BCM)” for financial market participants and financial systems? Learn from others and ask them how they are doing it. You will be surprised how many people are willing to help a startup – to help you!

We hope the case of emergency does not happen to you, or that you prepared.

Your StartupSpider-Team