

Business Continuity

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If disaster strikes.....

- Would your employees know what to do?
- If your business was disrupted for several days or even some hours, do you have a plan for what actions to take?
- Mercer Consulting: 51% of organizations surveyed were without business continuity plans when the current COVID pandemic erupted

- A Business Continuity Plan (BCP) contains a set of policies, processes & procedures that would enable business operations to continue running even during the crisis.
- BCP & Disaster Recovery Plan - different

- **Business Continuity Planning isn't only about protecting revenue, it is about mitigating a whole array of risks**

- Customer Confidence
- Brand
- Financial
- Reputation
- Assets, People (physical & emotional) and Stakeholders
- And many a time, the entire business!

Indirect impact of downtime can be far more debilitating

Ami	Daman	Harold	Oscar	Tomas
Amos	Eric	Ian	Paula	Ula
Ana	Evan	Joni	Raja	Vania
Bebe	Fran	Keli	Sarai	Wilma
Bola	Gavin	Kina	Susan	Winston
Cilla	Gene	Lusi	Tam	Yasa
Cliff	Gita	Nigel	Tino	Zoe

Top 5 Supply-Chain-affecting events in REVENUE impact (in 2014)

- Typhoon Halong in western Japan with a revenue impact of over \$10 billion;
- Severe flooding in Long Island, New York with a revenue impact of over \$4 billion;
- Typhoon Rammason in China and Vietnam with a revenue impact of over \$1.5 billion;
- The Taiwan gas explosions with a revenue impact of over \$900 million; and
- The Intel hazardous chemical spill in Arizona with a revenue impact of over \$900 million.

Source: Resilinc Corporation

Impact of STC Winston

Government estimated the value of disaster effects arising from TC Winston at F\$2 billion (more than 20 percent of GDP):

- F\$ 1,290 million in damage (i.e., destroyed physical assets)
- F\$ 710 million in losses (i.e., changes in the economic flows of the production of goods and services).

Source: World Bank Discussion Paper

<http://documents1.worldbank.org/curated/pt/143591490296944528/pdf/113710-NWP-PUBLIC-P159592-1701.pdf>

TC Yasa - ~ F\$ 500m

TC Harold - ~ F\$ 250m

Some examples of impact on corporates.....

- **Toyota** was forced to suspend production at three US and one Canadian plant in 2011 as a result of the flooding in Thailand from where it sourced a lot of parts. The impact on operating profit was feared to be \$1.6 billion.
- **East Japan Railway Co** had to scrap eight “bullet trains” damaged in flood after Typhoon Hagibis, at a cost of about \$100 million in Oct 2019
- **Nippon Steel Corp** lost nearly \$450m from suspended operations due to Typhoon Faxai in 2019.

Consider this:

- **75% of small businesses do NOT have a disaster plan** in place, but 52% say it would take at least **three months to recover** from a disaster; (Nationwide Insurance, 2015)
- **90% of smaller companies fail within a year** unless they can resume operations within 5 days after a disaster; (FEMA, USA)
- **40-60% of small businesses never re-open their doors** following a disaster and 25% of those that do, fail within a year (FEMA, USA)

The question is not whether you can afford to create a business continuity plan – it's whether you can afford *not* to.

Some 'events' to worry about....1/4

- Cyclones & other climate events like TDs, resultant Floods, Landslides
- Roads & bridge (e.g., Tamavua-i-wai Bridge, Nabouwalu-Labasa Highway)
- Utility outages (Power outage after STC Winston, Water)
- Transportation
- COVID-19 lockdowns

Some 'events' to worry about....2/4

- Port congestion / shipping delays / supply chain disruptions
- Curfew
- Telecom outages
- Cyber-attack
- Fire Accidents (NFA responded to 1,375 fire incidents in 2019), wildfires (?)

Some 'events' to worry about.....3/4

- Diseases and illness consequent on natural disasters
- Earthquakes, Tsunamis
- Employee or other persons' actions (incl fraud, mishaps, errors)
- IP Theft, Counterfeit products
- Loss of Key Person(nel)

Some 'events' to worry about.....4/4

- Loss of Key customer(s)
- Business Sale, M&As
- Leadership Transition
- Structural Financial setback(s) (e.g., due to prolonged closure)
- Political (Brexit, Aus Trade Union's threat)
- Trade Agreements, Tarriffs

Impact.....1/2

- **PERSONNEL:** Focus on people first and foremost. Ensure employees are all safe and able to return to work as soon as possible.
- **CLIENTS AND CUSTOMERS:** good to reach out to customers to warn them of delays or disruptions in service or in their supply chains.
- **ASSETS:** Physical assets could be damaged or destroyed during a natural disaster, causing losses and disruptions to service.
- **FACILITIES:** Depending on the severity of the disaster, a business's facilities may be damaged, incapacitated or even destroyed. Any loss of utilities can have serious consequences, as well.

Source: Continuity Insights

Impact.....2/2

- **RECORDS:** important records and documentation, such as title deeds, insurance policies and banking records — could be damaged or lost in a catastrophic event;
- **COMMUNICATIONS:** Lines of communication could be severed or otherwise damaged. This may make it even more difficult to coordinate recovery efforts or communicate with suppliers and customers;
- **SUPPLY CHAINS:** When roads and other means of transportation are damaged or impassable, businesses have to make alternative arrangements very quickly.

Source: Continuity Insights

Who's in Charge?(1/2)

- Clearly listed TEAM
 - Defined leader
 - Different levels
 - Cross-functional
 - 'Functional' – not hierarchical
 - Updated for currency and capability (esp if not by designations)
 - Documentation in-charge

Who's in Charge?(2/2)

- For each location
- With clearly defined roles (including external communication)
- Highly involved in planning & testing (drills)
- Involved across locations when needed
- Basically, spell out the Who, What, When, Where & How

What's the PLAN?.....1/3

- Hope for the best, prepare for the worst
 - Analysis of all threats
- Prioritise/rank Recovery area(s)/function(s) and list all processes, people, facilities, equipment, etc, that are connected to these areas/functions
 - Business Impact Assessment
 - Risk Mitigation Options available for each area of impact

What's the PLAN?.....2/3

- Identify / work out recovery plans/actions for each area/function
 - Alternate practices (incl WFX, mobile), vendors, service providers, supply chain, back-ups
 - Activating Redundancies
 - Outsourcing
 - Loss mitigation

What's the PLAN?.....3/3

- Communication plan (including platforms, channels, personnel, draft sample comms for different audiences)
- Employee Safety & Welfare (phone tree, evacuation path marking, emergency supplies)
- Access to Facilities, Equipment other Resources
- IT & Data
- Even Vendor financing (?)

Recovery Strategies must be commensurate with business requirement

Test the Plan

- Test the plan against actionability (Reality Check!)
- Look for better ways (bldg evacuation)
- Carry out drills
- Update for obsolescence (incl regular updation of asset & people list)

Documentation & Communication

- Documented in EASY-to-understand steps
- Communicated widely ACROSS the organization
- Key pointers prominently displayed in-location
- Key contact-points prominently displayed

Some examples

United Utilities, Warrington UK

Gaille Media, Houston, Texas, USA

FMF during Lockdown# 1

FMF during Lockdown# 2

To summarise...

- Set up / Review the Team
- Carry out Risk & Impact Assessment
- Strategise Mitigation measures & action plans
- Test, test, test
- Document
- Communicate & train, incl drills
- **REPEAT**

One last thing.....



Hope & pray that you never need to activate that Plan!

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