



Responding to the Pandemic Wake-Up Call

The Need to Bolster
Business Continuity Planning

The COVID-19 pandemic has changed the world as we know it and impacted every aspect of human life and interaction. Besides the severe health crisis, the pandemic has thrown the economy into an uncertainty and led to large-scale operational disruption. Per IMF estimates, the global economy shrunk by 3% in 2020 due to the sustained ramifications of the pandemic.¹ The resulting situation, commonly referred to as the “new normal”, has ushered in an era of a major reshuffling of priorities within the business landscape.

Considering the unprecedented hardships that enterprises have had to endure in the initial months of the pandemic, business sustainability and continuity have quite rightly become the prevailing focus, irrespective of sectors or geographies. Constructive attempts have been made by governments and authorities to aid in the economic recovery and restore normalcy of business operations.

On 21st July 2020,² the EU agreed on a EUR 750 billion temporary recovery instrument for 2021-2027 called “NextGenerationEU”. This is only one of several recovery efforts by the EU that have earmarked a total of EUR 2,364.3 billion to support the EU's recovery from the COVID-19 pandemic.³

Such initiatives play a significant role in safeguarding businesses and the national economy at large from widespread disruption. **For individual businesses, however, it is imperative that they deploy a set of measures to secure their present and future. And establishing a comprehensive business continuity plan (BCP) is the one of the foremost and important steps to achieving the desired resilience.**



Understanding Why BCP is Important

The economic and operational disruptions caused by the COVID-19 outbreak have not been uniform across industries. Certain industries like automotive and manufacturing have had to scale greater challenges, compared to others. Such a situation demands an effective framework that not only considers overarching business sustenance but also identifies industry-specific goals and best practices.

When applied to the extended organization – building resilience through a broader supplier risk assessment framework would be the key to maintaining business continuity. As BCP becomes a necessity, suppliers and vendors will be required to have a comprehensive BCP by hiring companies.

An effective BCP is governed by factors like risk and visibility and, in turn, has a positive impact on these factors. However, studies indicate that 69% of companies do not have full visibility of their supply chain.⁴



Simplifying BCP for Businesses

To create a comprehensive business continuity plan, enterprises first need to identify the short-, mid-, and long-term impacts and goals for their supply chain. The most immediate actions include developing a risk monitoring and response program. This also mean gaining visibility beyond the first tier of suppliers.

When it comes to planning supply chain business continuity, there is no one-size-fits-all solution. Businesses need to consider a wide range of factors that may vary based on geography, jurisdiction, industry, and the size of the company itself. But the stages of developing an overarching BCP can be broadly applied to all businesses.

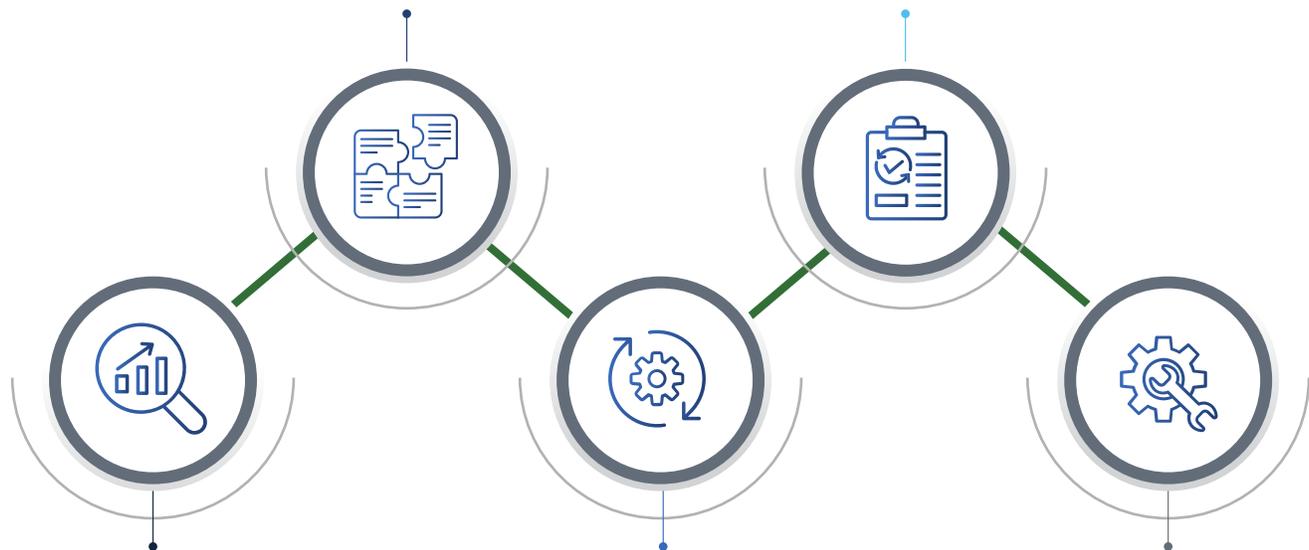
Stages of a BCP lifecycle that are relevant and common to all types of business:

Solution Design:

Solution Design is used to frame a process that addresses the concerns raised during the BIA.

Testing & Acceptance:

The implemented solution is subjected to inter-departmental testing, verification, and acceptance.



BIA:

The business impact analysis (BIA) outlines the impact that a business disruption will have across departments and operations.

Implementation:

The solution is communicated to all stakeholders and implementation plans/schedules are drawn.

Maintenance:

Stakeholders ensure that BCP implementation is running properly and revisions are made as, when, and where required.

BCP for Small & Medium Businesses

For a small and medium sized businesses that have little to no experience in implementing a response plan, common BCP methodologies may turn out to be more effort-intensive than it's worth. Therefore, it is pertinent that BCP practices are tweaked accordingly to accommodate for the reduced size and scope of operations.

A small organization's BCP journey typically begins with understanding the key factors that impact and are impacted by the implementation process. These may include regulatory requirements, client demands, business insurance needs, or simply the need to establish resilience as a core value.

The next step is forming a BCP team that ensures enterprise-wide, cross-functional participation. But training and curating resources may prove to be a difficult task for smaller organizations. To overcome this challenge, organizations must identify available resources and carefully tune their BCP accordingly. Moreover, they must ensure that the changes implemented are flexible to avoid reframing and reallocating resources for every project.

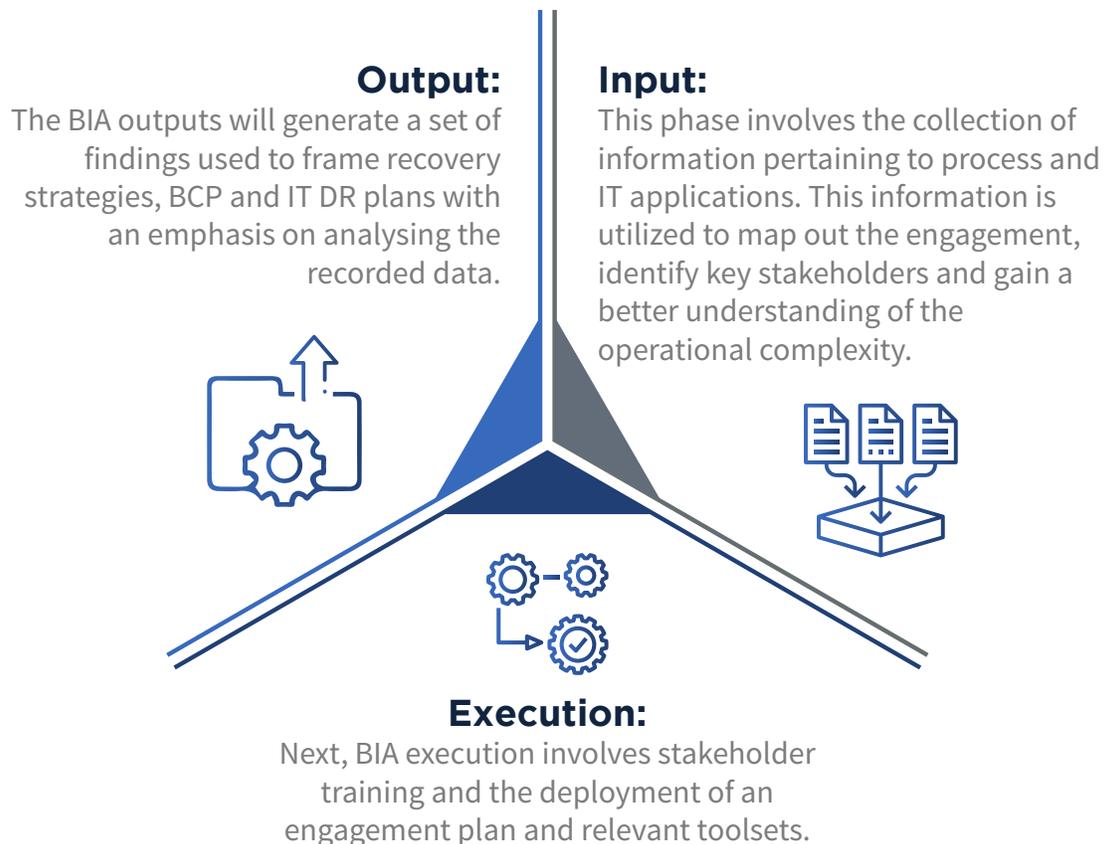
The BCM team should start with thorough program documentation- which should contain the following:



This is followed by organizational risk assessment to identify, analyse, and prioritize all potential threats to business continuity. The Health and Safety Executive has drawn out risk assessment templates that are modified for type of workplace. However, for smaller organizations any risk assessment instrument must be carefully framed to encompass multiple risk scenarios within their operational scope.

So far as gauging the resources required to recover mission-critical business functions is concerned, business impact analysis (BIA) plays a key role. A robust BIA is instrumental in countering the operational and financial impacts of disruption. For smaller organizations, this is an absolute essential step in developing a business continuity plan.

The BIA process can be broadly divided into three stages:



The next phase is the business continuity strategy and planning. This phase usually involves strategizing workaround procedures, split team operations, remote delivery, records management, and third-party inclusion. This is followed by plan execution involving– roles and responsibilities, decision making, meeting locations, incident assessment process, and response and recovery procedures.

The success of the overall BCP implementation within small and medium-sized companies will depend on nurturing a culture of awareness across the organization. It is important that the process is analysed, adapted, and improved on an incremental basis for optimal results.

A Use Case

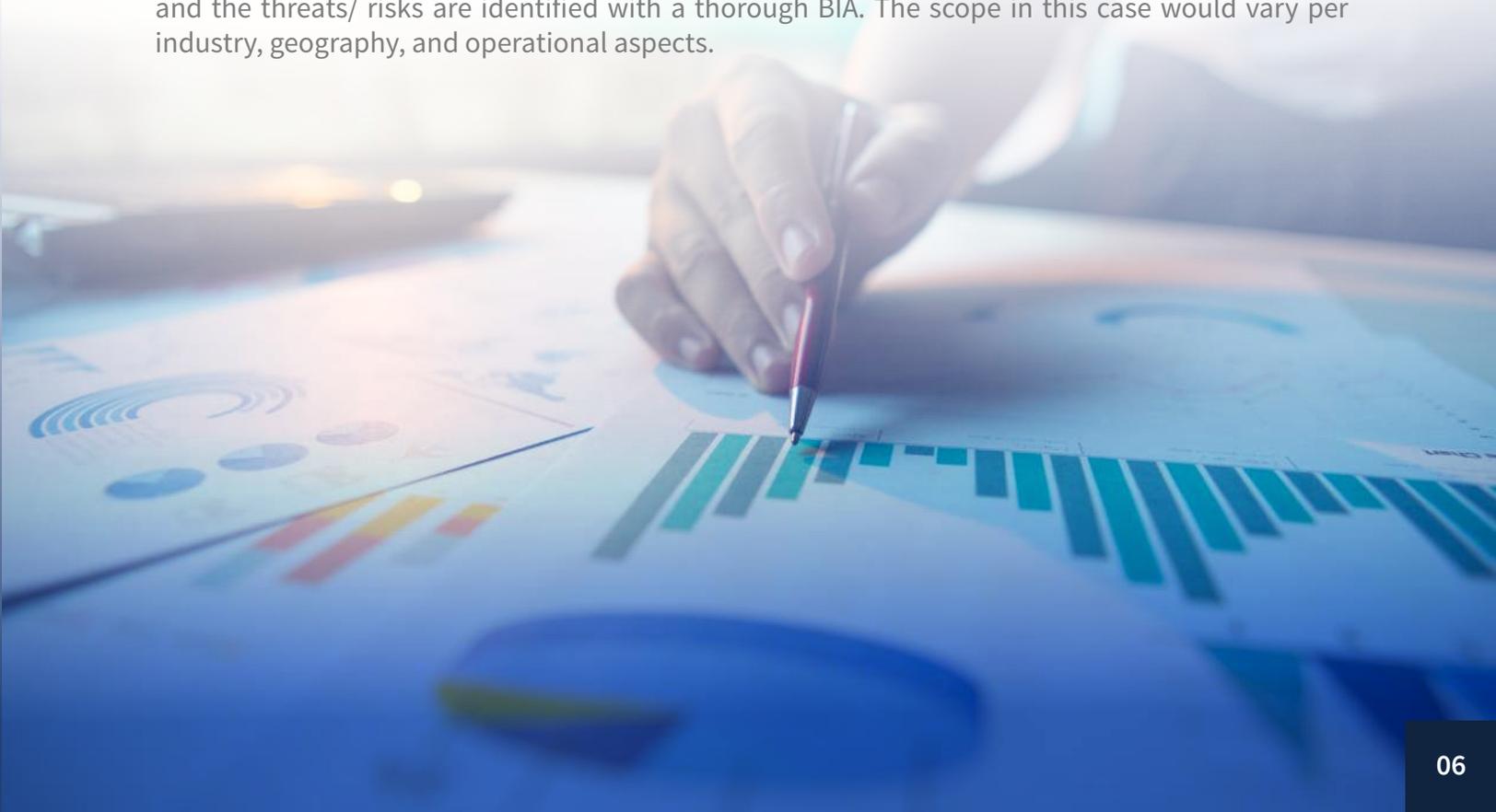
Let us consider the case of a small organization that is looking to frame a comprehensive BCP aimed at future safeguarding. We shall look into a phase-by-phase documentation of the process that will facilitate the involvement of all the stakeholders and tie the entire process in.

Business Continuity Plan

Company Name

Company Name:	John Doe Pvt Ltd
Address:	Building Name / No: Western Towers Street: 34th street City: New York State / County: NY/USA Zip/Postal Code: 110021
Web address:	
Primary Telephone No:	9874563210

Here the company needs to outline the scope of the program. The scope must be clearly defined, and the threats/ risks are identified with a thorough BIA. The scope in this case would vary per industry, geography, and operational aspects.



Scope of the Plan

Fire - Premises	<input checked="" type="checkbox"/>	Natural hazard (Hurricane/Tornado /Earthquake)	<input type="checkbox"/>	Serious /Contagious illness within the workforce (COVID-19, Influenza, etc.)	<input type="checkbox"/>
Fire – Close proximity/Wildfires	<input type="checkbox"/>	Human interaction (Act of violence)	<input checked="" type="checkbox"/>	IT related (Cyber-attack / Internet goes down)	<input type="checkbox"/>
Flooding – (Natural event / Building)	<input type="checkbox"/>	Terrorism or threat of	<input type="checkbox"/>	Power / Utility failure	<input type="checkbox"/>
Telephone goes down	<input checked="" type="checkbox"/>	Serious accident-Fatality	<input type="checkbox"/>	Employee theft	<input checked="" type="checkbox"/>
A key supplier goes out of business	<input checked="" type="checkbox"/>	Main subcontractor goes out of business	<input checked="" type="checkbox"/>	Employee theft	<input type="checkbox"/>

Once that is done, the next step would be the activation of the BCP. The most common starting point would be communicating the plan to all the stakeholders in order to arrive at a common ground.

Does the plan need to be activated?

Name of person activating the plan: **Jim Wallace**

 Yes No

Does the company need to relocate critical business processes to an alternative location?

If **Yes**, activate relocation plan.

If **No**, move to next stage of the process.

 Yes No

All key personnel notified:

(Use addendum containing all key personnel contact information)

 Yes No

Have all nominated substitutes been notified:

 Yes No

Have all workers been made aware of what they have to do? Yes No

Risk assessment record has been consulted

(Provide reference doc and guidance for risk assessment?)

Notify all relevant personnel of which risks have been identified. and confirm all key personnel are aware of the actions needed

– if they are not available notify their substitute

Does the incident risk assessment require more attention? Yes No

Notify all personnel of the actions that are going to be actioned:

Relevant risk records utilized:

Supplier replacement notified: Yes No NA

Information / Communication Process

Workers provided with status /update/ handouts

Client provided with relevant information

3rd parties provided with update on any proposed changes

Government agencies contacted where applicable

Documentation must include the contact coordinates of all responsible stakeholders categorized as per their areas of responsibility.

Key Contacts & Responsibilities

Incident Category: Serious Accident- fatality

Name	Title	Contact Info	Responsibilities (These may differ based upon the type of incident)

One of the most important aspects of BCP is to source supply chain alternatives in case of a crisis. The documentation must entail detailed information of current and complimentary alternate suppliers along with their service details and contact info.

Key Supplier List

Confirm current suppliers list and back-up provider in the event the current supplier has an issue in delivering their products/services

Main Supplier Name	Address	Services Provided	Alternative/ Backup Provider	Address	Services Provided

And lastly, an appendix of all workers and their emergency contact info for quick access in case of any work-related incidents. This rounds up the comprehensive documentation process for a successful BCP implementation.

Worker Contact List

Name	Job Title	Personal Contact Info	Based on site (Y/N) Contact info if different	Next of Kin - Contact

Small companies can leverage technological solutions to plan, design, implement, and maintain a successful BCP. A unified platform that lets them document and track the disparate elements of the BCP can help them make better and more informed decisions.

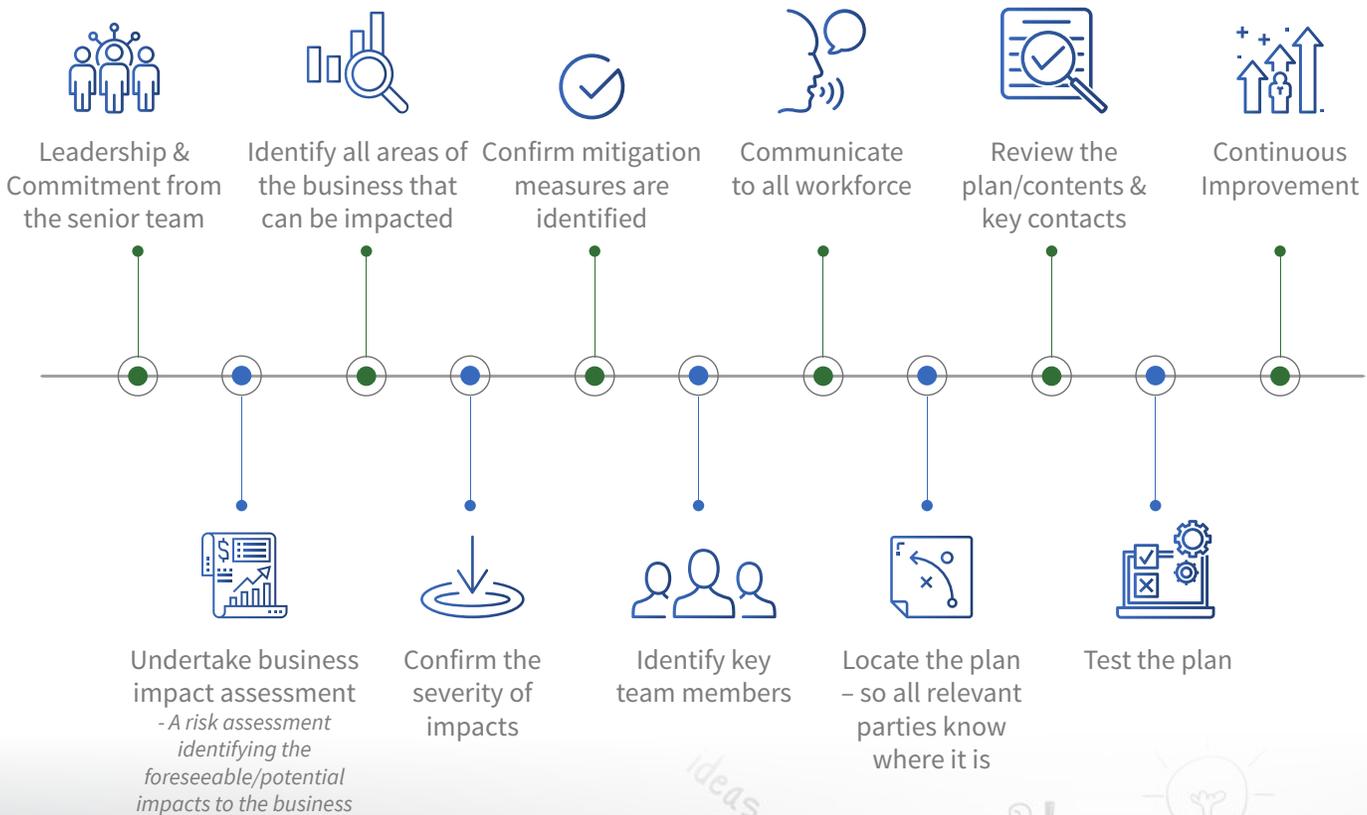


BCP for Large Business

For larger organizations, implementing BCP is comparatively less complex. Large enterprises are typically more balanced and have significantly more resources at hand to handle BCM more effectively.

However, it is still pertinent to ensure the efficient implementation of BCM in all aspects from planning and analysis to implementation and maintenance. Any oversights in this regard may have far-reaching and damaging consequences even for larger organizations.

Key for Business Continuity Planning Success



Here are some of the most important things that large organizations need to keep in mind while formulating a business continuity plan.



Establish a Crisis Response Team

The first step is developing a capable crisis response team by selecting a few individuals/managers or an existing committee for the BCM program. The key roles and responsibilities for a crisis response team should include:

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Developing the BCP



Establishing alert levels and monitoring the same at regular intervals



Developing thorough training and awareness programs



Identifying key business partners/suppliers/vendors/contractors and determining whether they have a proper BCP plan in place



Evaluating the potential financial impact that a crisis may have on the business



Implementing the continuity plan and conduct successive trial runs



Establishing policies associated with return-to-work procedures, telecommuting, travel restrictions and flexible work hours



Drafting emergency safety policies and procedures for the workplace



Preparing and disseminating timely information to all employees



Informing workers about possible emergency

2

Determine and Prioritize Essential Services and Function

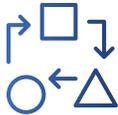
An important aspect of business continuity planning is to determine how your organization will maintain essential services/functions in the event of a crisis. This involves identifying and categorizing a list of essential services. After identifying the essential service, they will need to be rated based on the degree to which they may affect key business processes such as IT, finance, or sales. Once an essential service or function has been identified, assign a "degree of criticalness" they can be prioritized. For instance, essential services can be demarcated as Priority A and services that can be suspended temporarily can be demarcated as Priority B.

3

Prepare a Plan for Each Essential Function

Each function or business unit are impacted differently in case disruptions. Which is why businesses need to chalk out separate continuity plans for each category and function.

The plan should ideally include:



A detailed description of the process or function



Individuals who are responsible for implementing the plan within the process



Business impact issues



Detailed action plans with key items highlighted such as staff relocation plan, resource allocation plan, communication plan and so on.



Emergency resource needs

4

Create a Supply Chain Continuity Plan

Implementing reactive supply chain risk mitigation strategies as a response to a crisis as big as COVID-19 is the least a company can do. In the best-case scenario, large organizations should always have crisis response plans to safeguard supply chains from any form of disruption.

But unfortunately supply chain risk management has been deprioritized in several organizations. The 2019 BCI Supply Chain Resiliency Report reveals that 23% of organizations do not record, measure, or report supply chain disruptions.⁵ The focus for large organizations should clearly be on bolstering the supply chain risk assessment exercise and acquiring the much-needed visibility to take actionable decisions.

In this regard, some of the key things that organizations need to follow are:



Prioritize the Key Supplier Network: Once all suppliers and contractors have been mapped, organizations need to focus on the ones that are intrinsic to the continuity of business. The next step is to carefully categorize each supplier based on their risk profiles by:

- Understanding the contractors' business continuity plan by sharing further questionnaires through a contractor management platform
- Gauging suppliers' health and safety plans and procedures, especially if the supply chain constitutes of contractor labour who must be on-site
- Identifying suppliers with poorly drafted continuity plans
- Centralizing and evaluate contract documents and take necessary actions if standards are not met
- Monitoring regional markets for alternative suppliers
- Tracking financial solvency of key suppliers
- Communicating with suppliers/contractors beyond Tier 1



Move to a Domestic Supply Base: Large organizations should try to look into domestic supply bases to cut down on offshoring risks associated with the pandemic. This will help mitigate the uncertainties of international logistics. For example, owing to the disruptions in China, the source nation of the COVID-19 pandemic, Samsung India Pvt Ltd invested around US\$460.13 million to set up its first display manufacturing unit within India to simplify logistics and shield their business from further disruptions.⁹



Support Smaller Suppliers: According to the Harvard Business Review, experts suggest that a financial crisis is already looming for smaller suppliers. In order to support smaller suppliers and help them manage their working capital better, companies need to provide assistance in the form of advanced or in time payments or supply chain credit.



Strengthen Contractor Management Safeguards: Large organizations should try to look into domestic supply bases to cut down on offshoring risks associated with the pandemic. This will help mitigate the uncertainties of international logistics. For example, owing to the disruptions in China, the source nation of the COVID-19 pandemic, Samsung India Pvt Ltd invested around US\$460.13 million to set up its first display manufacturing unit within India to simplify logistics and shield their business from further disruptions.⁶



How Avetta can Help?

A robust BCP plays a critical role in driving a secure future for an organization by helping it navigate a crisis. However, at the same time, the subject of business continuity is expansive. And the implementation process from BIA and supply chain continuity planning to training and improvement - can be quite overwhelming for starters.

The journey towards a safe and sustainable future need not be made alone. Avetta supports companies vested in their suppliers, contractors, and vendors business continuity efforts with a 14-page PQF. Avetta also invites industry leaders and executives to attend COVID-19 Supply Chain Crisis webinars that have been designed to give them the much-needed support required to navigate these challenging times.

Our solutions can help suppliers

Sourcing Suppliers



Manage sourcing risk and search for providers from Avetta's 95,000+ supplier network.

Communication



Communicate critical information like new guidelines around COVID-19.

Acknowledgements



Capture company or employee-level acknowledgement of new company policies around COVID-19

Business Continuity



Collect how your suppliers are responding to COVID-19, including business continuity planning and updated protocols.

Return to Work



Ensure suppliers have process in place to protect their employees as the global workforce return to work.

Financial Visibility



Review financial information for your suppliers to identify financial solvency concerns.

Online Training



Ensure suppliers have process in place to protect their employees as the global workforce return to work.

Employee Tracking



Review financial information for your suppliers to identify financial solvency concerns.

Real-World Insights



Avetta Analytics helps to consolidate supplier data related to COVID-19 and identify concerning trends.

Performance Tracking



Prequalify and audit critical supplier documentation in real time

References

¹ Source: World Economic Outlook;

<https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>

² Source: European Commission;

https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_en

³ COVID-19: the EU's response to the economic fallout:

<https://www.consilium.europa.eu/en/policies/coronavirus/covid-19-economy/#>

⁴ Source: Trade Wars Pose Threat to Supply Chains;

<https://www.raconteur.net/manufacturing/trade-wars-pose-threat-supply-chains>

⁵ Source: BCI Supply Chain Resiliency Report;

<https://continuityinsights.com/bci-supply-chain-resilience-report-2019/>

⁶ Source: Why Businesses in India are Building Local Supply Chain Capacity;

<https://www.india-briefing.com/news/businesses-india-building-local-supply-chain-capacity-20154.html/>



About Avetta

Avetta connects leading global organizations with more than 100,000 qualified suppliers, contractors, and vendors across 100+ countries. We support the sustainable growth of supply chains through our trusted contractor prequalification, supplier audits, insurance monitoring, robust analytics and more. With real results in helping companies reduce TRIR, our highly configurable solutions elevate safety and sustainability in workplaces around the world—helping workers get home to their families each night.