

Monthly Meeting 14th November 2011

Members' Corner

The uplifting Tale of the Paranoid MD!

Steve Parton, Risk Control Surveyor, Axa Insurance

Steve thought this saga of a real life case (Name changed), where an M.D's appreciation of 'business continuity' helped to save his business, might have some encouraging message for Members.

The tale started when a friend of 'our hero' suffered a major fire at his successful business. Despite being insured, the business folded, some 18 months later. Some 40 people lost their jobs and the MD's friend lost his livelihood and a business that had taken 20 years to build.



Steve Parton, Axa Insurance

The 'paranoia' kicked in here and the **MD of XYZ Engineering** vowed that the same thing would not happen to him and his business. He had the forethought to approach his broker and Insurer to ask for help and advice and they arranged a meeting to discuss business continuity (BCP). The important message to come out of this was that for many SMEs BCP planning was not difficult but needed relevant time to be allocated. Happily, the MD was sold on the idea already!

The assessment of the main threats looked at: -

- Fire/flooding
- Computer and telecom failure
- Key equipment failure
- People issues – Skills
- Denial of access to the premises.
- Products defect.

- Bomb/ terrorism threat.
- Legal/ regulatory actions.
- Utilities failure – Gas, water and electricity.
- Potential production bottlenecks

XYZ's MD took his insurer's advice and systematically worked through his BCP plan, over the next four months and retained a copy off-site! Much to the annoyance of his employees, he rehearsed several scenarios each year to set up a possible threat situation and reviewed his outcomes to update the BCP accordingly.

So, when the unexpected happened and his production facilities were flooded by the catastrophic floods two years ago, his BCP swept into action! His early actions were: -

- Re located to his own house – **Per BCP plan.**
- Able to draw off completed stocks from a home based store in his back garden – **Pre planned as per BCP.** Telecoms were automatically switched to a dedicated separate home landline – **This had been pre planned with British Telecom.** He telephoned all customers to say they were still in business – Invoices and sales notes would still be sent – **Per BCP.**
- He arranged early meetings with Loss Adjusters and brokers, which were also pre planned for which he had details – **Per BCP.**
- Spare computer equipment and laptops at home were employed with off site data back up transfer successful – **Per BCP.** Arranged temporary premises on the opposite side of Worcester within 2 weeks.

The outcomes for XYZ were: -

- **Business was out of their unit for nearly 3 months.**
- **New machines obtained as new and via auction within 28 days – per BCP Plan.**
- **Some pre planned sub contracting of metal components was arranged as per BCP Plan.**

The M.D.'s comments were interesting, to say the least!

“Certain people laughed at me and employees thought I was a real pain when we practiced BCP”.

“Numerous local companies went bust within 12 months following the Worcester floods, but we survived – BCP, together with insurance cover, kept my business alive. I would highly recommend it to any business”

Steve conclude his presentation by referring to a free BCP software tool, ROBUST, that makes this task easier. It is financed through RISC Authority, a scheme that is annually financed by a group of UK-based insurers, including Axa, and is administered by the Fire Prevention Association. We are including a presentation on the software in the 2012 BHSEA Programme.