

# Business Continuity & Risk Management

**Adrian Simmonds** • Senior Risk Manager, Property Risk Solutions, QBE

Contact: [adrian.simmonds@uk.qbe.com](mailto:adrian.simmonds@uk.qbe.com) or 07909 888583

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# Agenda

- Your examples – real experiences
- Business Continuity vs Business Resilience
- Business Continuity vs Risk Management
- Business Impact Analysis
- Supplier Impact Analysis
- BC Plans
- Q&A

# Your examples - real experiences



# Business Continuity vs Business Resilience

# Business Continuity means....?

*Simply put*

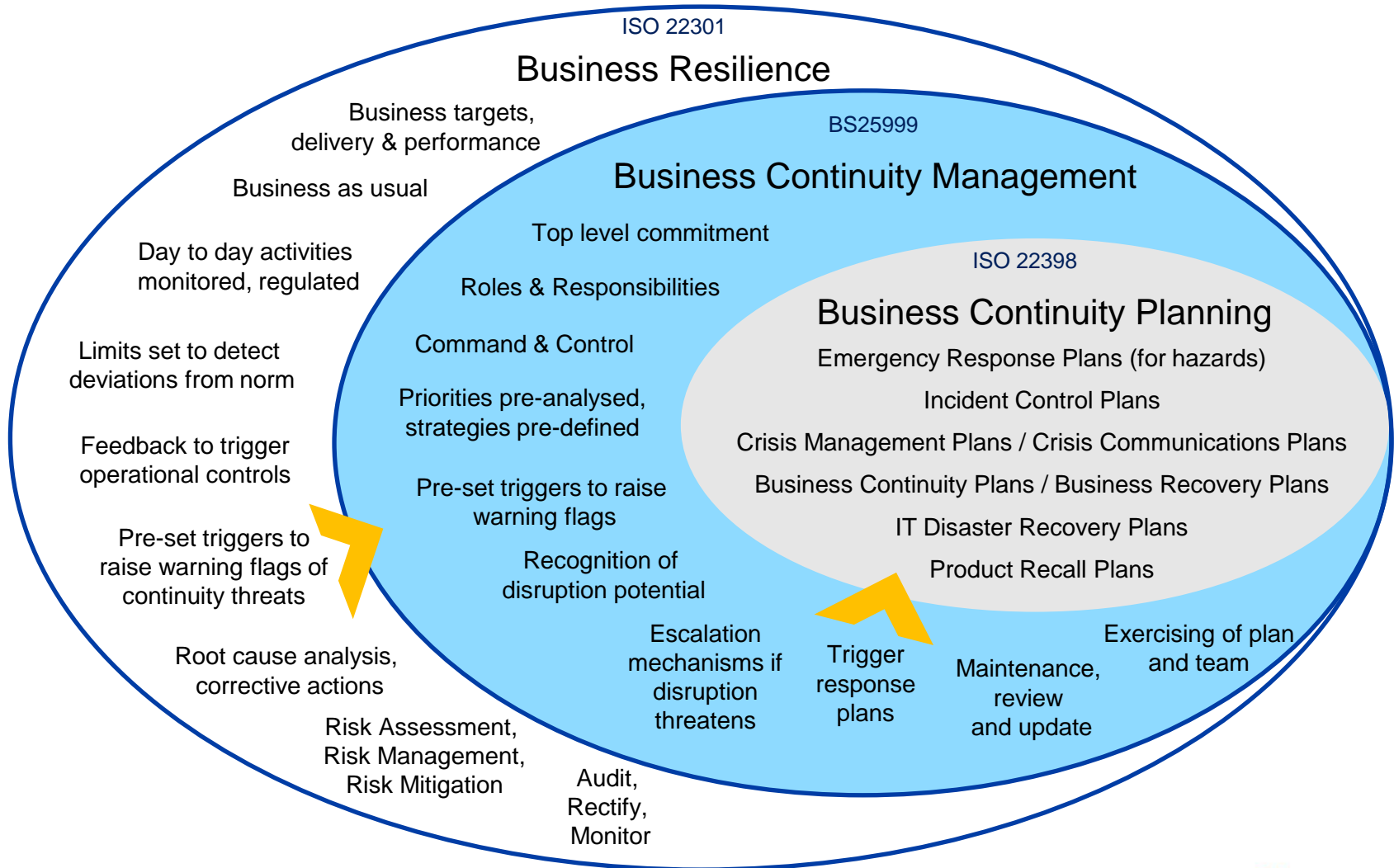
**Pre-empting and responding to significant threats to meet customer needs enough to survive a period of adversity**

# Business Resilience means....?

*Simply put*

**Detecting and managing threats  
large and small to stay on track to  
meet customer delivery and  
business performance targets**

# Resilience vs Continuity



# Business Continuity vs Risk Management



# Priorities for Business Continuity Planning

## Emergency Response Plan

- Detailed action plan, instructions to front-line staff, escalation mechanisms

## Crisis Response Plan

- Roles & responsibilities, bullet point action plan, key contacts, flowchart
- Establish Command structure, Crisis Communications, strategic decisions

## Business Recovery & Continuity Plans

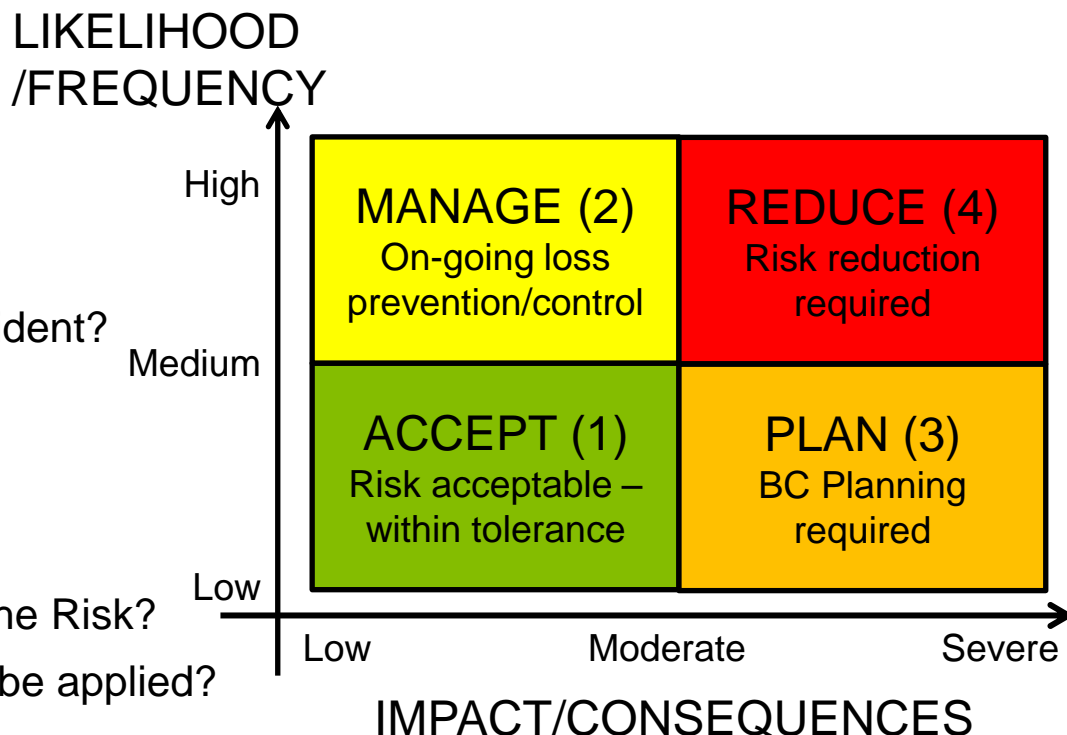
- Roles & responsibilities, bullet point action plans, key contacts, flowchart
- Continuity & Recovery plans to be selected by Crisis Team
- Focus on Consequences not Causes e.g. Loss of Workspace, Denial of Access

## Resource Recovery Plans

- What do you need and when do you need it?

# Priorities for Risk Management

- Identify hazards
  - What could be a threat?
  - How could it be a threat?
- Evaluate Risks
  - What is the likelihood of an incident?
  - What impact could result?
- Assess Controls
  - What controls are in place?
  - What controls are needed for the Risk?
  - What additional controls could be applied?
- Treat the Risk
  - Avoid/Accept/Manage/Transfer
  - Accept/Manage/Plan/Reduce



# Resilience – Risk Management – Business Continuity

Day to day Operations

Emergency Response

Incident Management

Crisis Management & Communication

Business Continuity & Recovery

- Safeguard people, neighbours and the environment
- Protect property and supply chains
- Risk Management & risk mitigation
- Design for Resilience
- Operate for Reliability
- Plan for Continuity

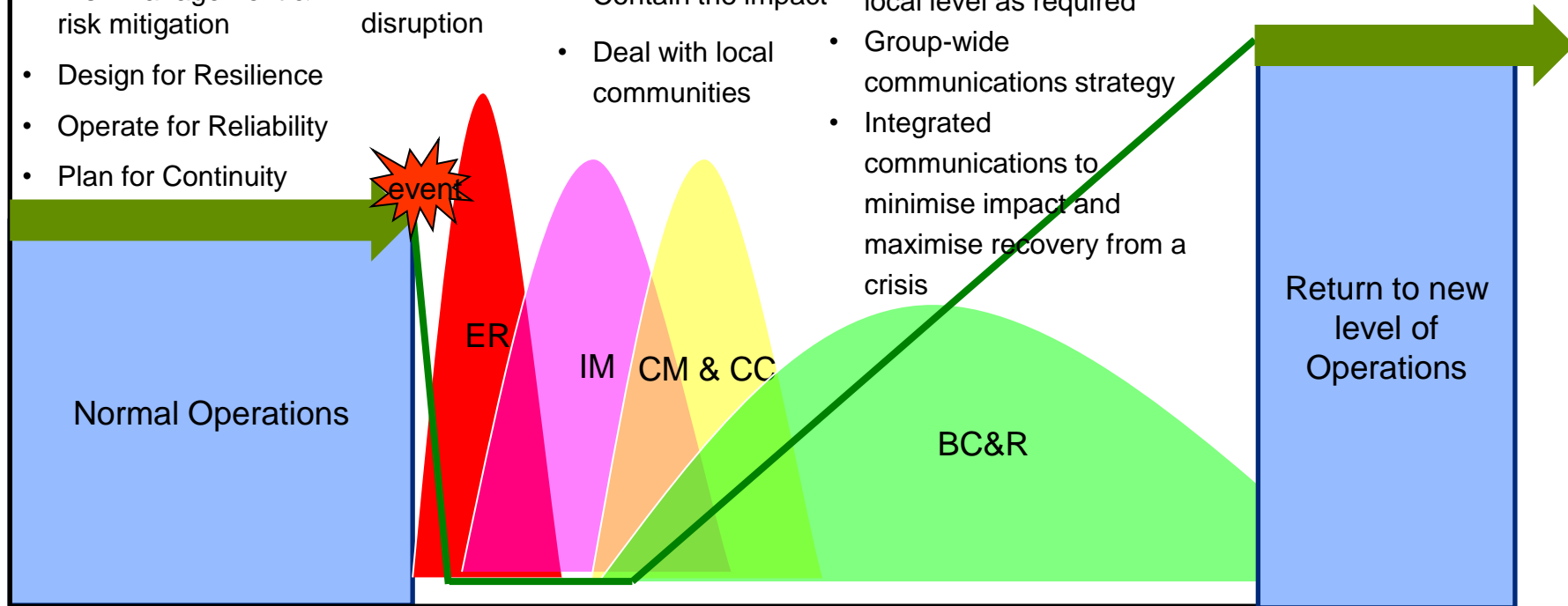
- Immediate response to an incident
- Minimise harm, damage and disruption

- Incident control by local management
- Co-ordinate the response
- Contain the impact
- Deal with local communities

- Strategic decision making and actions to avert or contain a crisis
- Manage the crisis on a corporate, regional or local level as required
- Group-wide communications strategy
- Integrated communications to minimise impact and maximise recovery from a crisis

- Continuity of supplies and services to customers
- Recovery of the business

Activity



# Business Impact Analysis

# Business Impact Analysis

Map product and information flows from supply to delivery

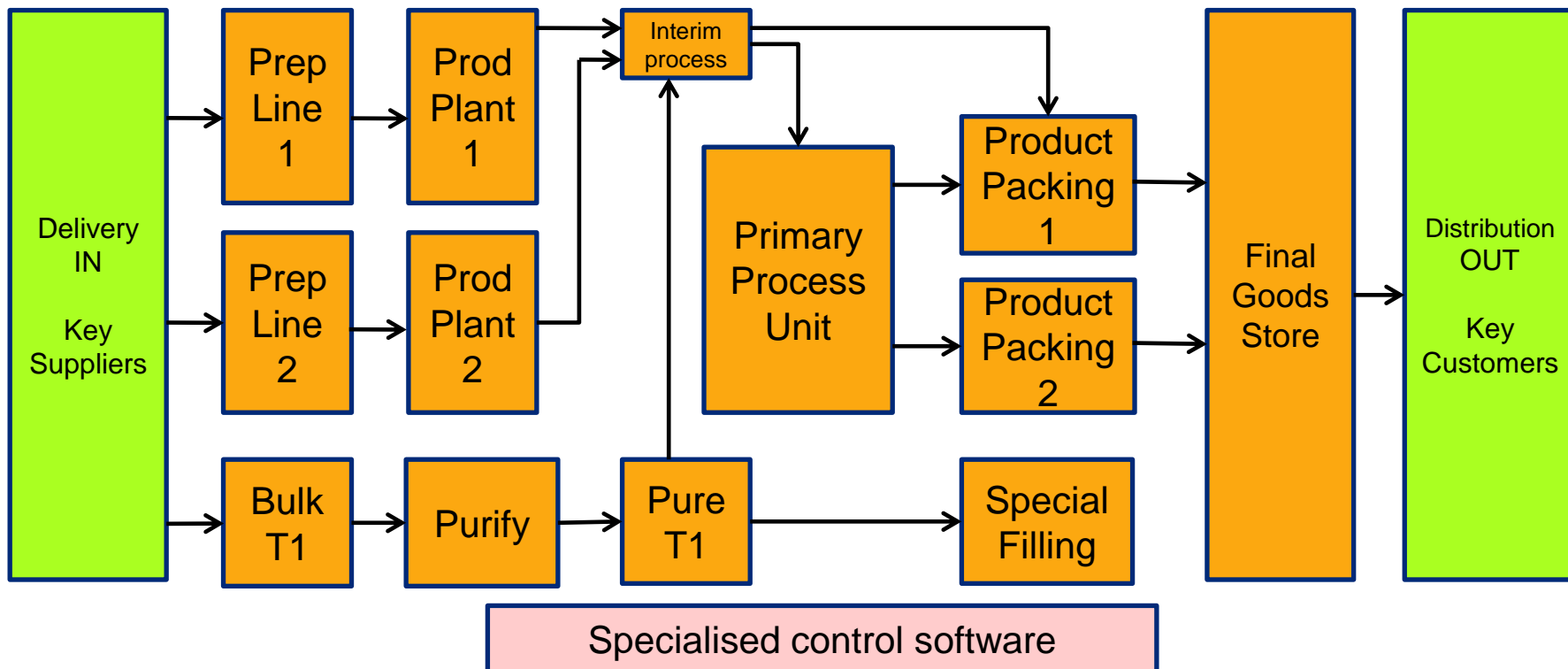
- Know your bottlenecks and critical dependencies
- Critical suppliers, buildings, equipment, people, systems, information etc.

## Business Impact Analysis

- Determine your continuity/recovery priorities
- Gut feel analysis by senior management based on knowledge & experience
- Financial analysis using Management Accounts
- BIA matrix worksheet

# Organisational mapping – bottlenecks & dependencies

Site BC Process Map  
Example – BIZZYCO Site X



IT, SAP, Maintenance, Engineering, EHS, power, gas, water, steam, compressed air, waste treatment

# Business Impact Analysis

Start with basic business financial information:

Units	Volume p.a.		Revenue p.a.	GP p.a.
Metal Units	6 million	50%	45%	40%
Plastic Units	6 million	50%	55%	60%
Ranges				
Handy Range	6 million	50%	35%	25%
Homely Range	4 million	33%	35%	35%
Party Range	1.88 million	16%	25%	30%
Exclusive range	120,000	1%	5%	10%
Hampers				
Standard Hampers (av. 20 Units/hamper – Handy, Homely or Party)	12,000	2%	4%	4%
...plus: Exclusive hampers (50 Units/hamper)	2400	1%	5%	10%

# CHOW TOOLS LTD – Business Impact Analysis – Product Group by Building/Activity

Product % Dependency & GP %	Plastics 60% GP	Metals 40% GP	Hampers 14% GP	Notes
Metal Workshops	0 % Dependency 0 % Gross Profit	100 % Dependency 40 % Gross Profit	c.67 % Dependency 12 % Gross Profit	Dependency for Hampers: 58.3% based on number of hampers (50% of Std + 100% of Excl = 8400/14400) or 66.7% based on number of Units (50% of Std + 100% of Excl = 240k of 360k) 52% total GP impact for Metal Workshops
Plastics Manufacture	100 % Dependency 60 % Gross Profit	0 % Dependency 0 % Gross Profit	c.33 % Dependency 2 % Gross Profit	Dependency for Hampers: 42.7% based on number of hampers (50% of Std = 6000/14400) or 33.3% based on number of Units (50% of Std = 120k of 360k) 62% total GP impact for Plastics Manufacture (or 74% if include Hamper Packing)
Hamper Packing	0 % Dependency 0 % Gross Profit	0 % Dependency 0 % Gross Profit	100 % Dependency 14 % Gross Profit	Delivering hampers to customers depends 100% on Hamper Packing . Also, by default, is 100% dependent on the Plastics Manufacture building being there because of current location of Hamper Packing. 14% total GP impact for Hamper Packing
Warehouse	50 % Dependency 0 % Gross Profit	50 % Dependency 0 % Gross Profit	0 % Dependency 0 % Gross Profit	Warehouse provides 5 days buffer stocks to save some loss of GP. No direct impact on creation/disruption of GP other than being a cost component.
Offices	100 % Dependency 0 % Gross Profit	100 % Dependency 0 % Gross Profit	100 % Dependency 0 % Gross Profit	Offices used by Management, Sales, Procurement, IT, Invoicing etc., all required to achieve delivery of products to customers and to collect Revenues/GPs . No direct impact on creation/disruption of GP other than being a cost component.



# Supplier Impact Analysis

# Supplier Impact Analysis

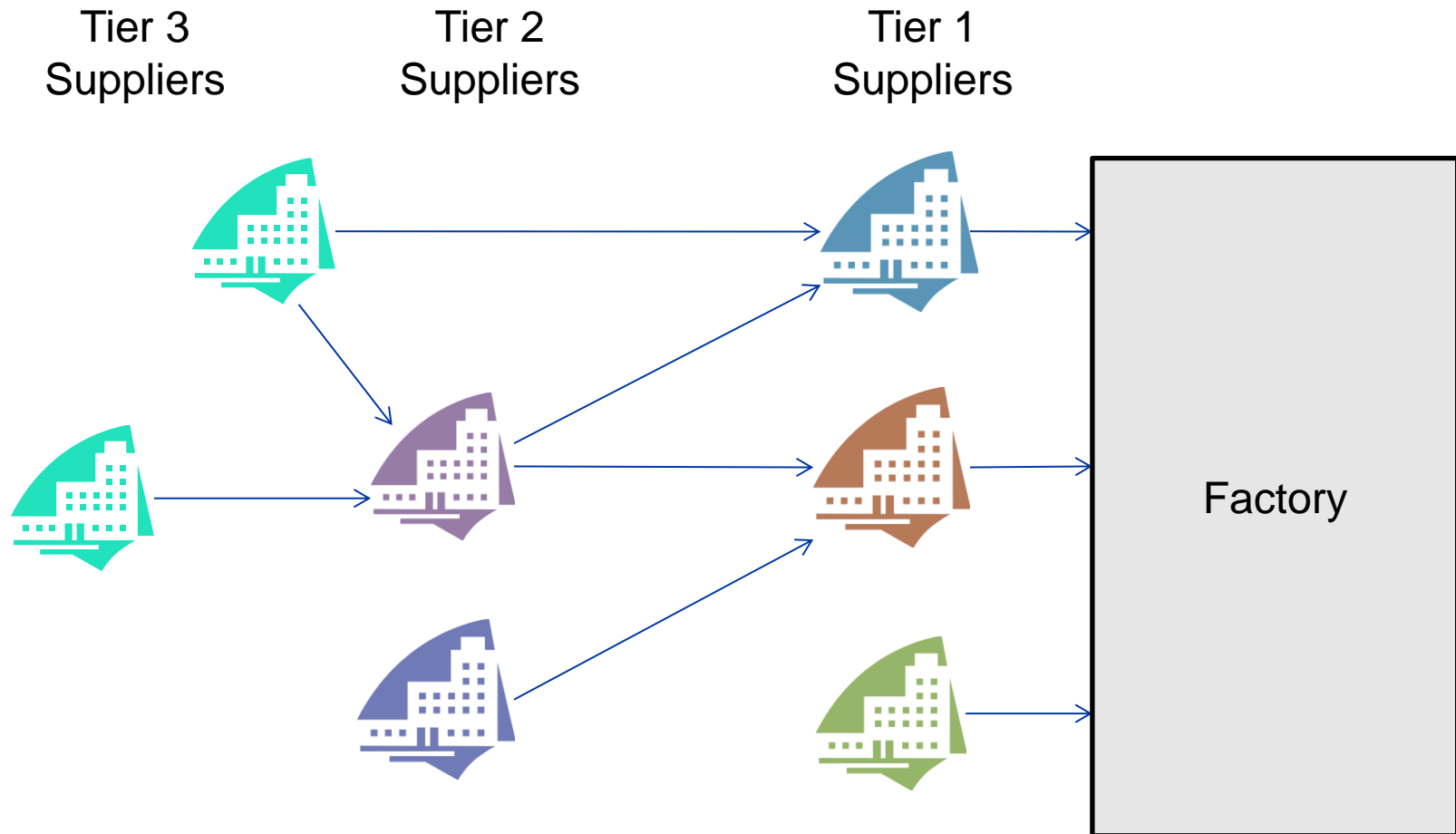
Map raw materials supply chain from source to receipt

- Know your bottlenecks and critical dependencies
- Critical suppliers, buildings, equipment, people, systems, information etc.

## Supplier Impact Analysis

- Determine your continuity/recovery priorities
- Gut feel analysis by senior management based on knowledge & experience
- Financial analysis using Management Accounts
- SIA matrix worksheet

# Supply Chain mapping – multiple tiers, sources, routes



# Supplier Impact Analysis

Start with basic supply profile based on commodities and volumes (not spend):

Packaging & Suppliers	Cellophane	Shrink Wrap	PE Plastic Bags	Plastic knapsacks	Fabric knapsacks	Card boxes	Hampers
Wrap-it-Qik	✓ 100%	✓ 50%					
Bag-it-Up		✓ 50%	✓ 50%				
Take-a-Knap			✓ 50%	✓ 100%	✓ 100%		
Box-it-In						✓ 100%	
HH Ltd							✓ 100%

# CHOW TOOLS LTD – Supplier Impact Analysis – Product Range by Packaging Supplier

Product % Dependency & GP %	Handy 25% GP	Homely 35% GP	Party 30% GP	Exclusive 10% GP	Notes
Wrap-it-Qik	50 % Dependency 12.5 % Gross Profit	25 % Dependency 8.75 % Gross Profit	0 % Dependency 0 % Gross Profit	0 % Dependency 0 % Gross Profit	Only cellophane supplier, used for 50% of Handy range packaging. 21.25% Supplier impact on GP.
Bag-it-Up	25 % Dependency 6.25 % Gross Profit	25+25 % Dependency 17.5 % Gross Profit	0 % Dependency 0 % Gross Profit	0 % Dependency 0 % Gross Profit	50% supplier of shrink-wrap, and plastic bags, dual suppliers for both. Both affect Homely range - sum % Dependency and % GP for Homely range. 23.75% Supplier impact on GP.
Take-a-Knap	25 % Dependency 6.25 % Gross Profit	25 % Dependency 8.75 % Gross Profit	100 % Dependency 30 % Gross Profit	100 % Dependency 10 % Gross Profit	One of two suppliers of plastic bags, but also 100% supplier of knapsacks. 55% Supplier impact on GP.
Box-it-In	98 % Dependency c.23.8 % Gross Profit	98 % Dependency c.33.5 % Gross Profit	98 % Dependency c.28.7 % Gross Profit	0 % Dependency 0 % Gross Profit	Sole supplier of cardboard boxes. All but hamper products (14% GP) packed into boxes. 98% volume dependency, but can only estimate each GP %. 86% Supplier impact on GP.
HH Ltd (Hampers)	2 % Dependency c.1.2 % Gross Profit	2 % Dependency c.1.5 % Gross Profit	2 % Dependency c.1.3 % Gross Profit	100 % Dependency 10 % Gross Profit	Sole supplier of hampers. Can only estimate each GP %. But only 2% volume and 4% GP dependency on hampers EXCEPT for 'Exclusive' (10%). 14% Supplier impact on GP.

# BC Plans

# CHOW TOOLS LTD – Business Disruption Response

## Business Disruption SCENARIO:

- Fire loss to Plastics Manufacture Building – 100% loss of building and contents
- Loss of plastics production (plastics = GP 60%) and Hamper Packing (hampers = GP 14% made up of 12% metals, 2 % plastics)

## Activity so far:

- Emergency Response began immediately by Fire Team on discovery of the fire
- Incident Management began within 10 minutes by Factory Manager who escalated notification to the Board

## Your task:

- Who should be contacted as part of the Crisis/Incident Communications activities?
- What business continuity options should be considered to maintain supplies to customers?
- What business recovery option should be considered to re-establish the lost capabilities?

## Communicate with?

### Short term:

- Emergency Services (co-ordination)
- IMT Leader (status, extent, impact)
- Crisis Management/Comms Team (decision making, Command & Control)
- Employees (Direction & status updates)
- BC team leaders (heads-up)
- Suppliers (halt deliveries)
- Neighbours (explanation, apologies)
- Media (explanation, assurances, plans)
- Brokers/Insurers (notification)

### Mid-term:

- BC Team Leaders/BC Teams (Direction)
- Building (demolition, clearance, re-build)
- Equipment (replace, install, commission)
- Suppliers (re-direct deliveries)
- Customers (potential delays/shortfalls)
- Local Authorities (permissions)
- EA/HSE (explanations, permissions, plans)
- Media (assurances, plans, promotions)
- Insurers (Loss Adj., Claims Assessors, RS)

## Continuity options?

- Buffer stocks – deliver to priority Customers until buffer exhausted
- Continue metal-only production to meet Customer orders – individual & hampers
- Set-up alternative hamper packing area in Metal Workshop or rent temporary building to place in yard or rent nearby empty unit.
- Utilise maximum available capacity from existing 3<sup>rd</sup> party sub-contractors for plastic products – need to verify quality
- Identify other 3<sup>rd</sup> party plastic manufacturers who could take-up additional production capacity – need to verify quality
- Discuss with Customers option of replacing all plastic Units with Exclusive or Party metal Units in individual packs and hampers as an interim measure – may retain some sales

## Recovery options?

- Rent/acquire nearby unit of suitable dimensions/utilities and begin fit-out to accept replacement equipment
- Hire temporary building to locate in yard - fit out for initial replacement equipment
- Recover any equipment/materials not fully damaged, demolish building, clear site, re-construct building and re-fit workshop ready for new equipment.
- Source suitable replacement equipment to install in chosen location of plastics workshop, temporary and/or permanent.
- Outsource all of plastic manufacture permanently to at least 2 sub-contractors after verifying capacity, capability, quality
- Do nothing – allow the plastics market share to be lost to competitors - invest in higher quality metal products and convince customers to buy these instead.

# CHOW TOOLS LTD – Supply Chain Disruption Response

## Supply Chain Disruption SCENARIO:

- Take-a-Knap went into Receivership yesterday – Administrator won't release any finished product, raw materials, tools, drawings
- Potential loss of ability to pack 25% of Handy and Homely products, also 100% of Party and Exclusive products

## Activity so far:

- No Emergency Response required
- Incident Management began immediately by Procurement Manager who escalated notification to the Board

## Your task:

- Who should be contacted as part of the Crisis/Incident Communications activities?
- What supply chain continuity options should be considered to maintain supplies to customers?
- What supply chain recovery option should be considered to re-establish the lost capabilities?

## Communicate with?

### Short term:

- Procurement (status, options)
- Crisis Management/Comms Team (decision making, Command & Control)
- Employees (Direction & status updates)
- Supply Continuity Team leader (heads-up)
- Administrator (WIP/FG/tools releases?)
- Media (explanation, assurances, plans)
- Brokers/Insurers (notification)

### Mid-term:

- Supply Continuity Team (Direction)
- Customers (potential delays/shortfalls)
- Existing alternative Suppliers (options)
- New alternative Suppliers (options)
- Media (assurances, plans, promotions)
- Insurers (Loss Adj., Claims Assessors, RS)

## Continuity options?

- Continue packaging Handy and Homely products in cellophane, shrink-wrap and plastic bags to meet Customer orders.
- Request increased supply of plastic bags and shrink wrap from Bag-it-Up and Wrap-it-Qik for the coming weeks - package Homely products using these suppliers' materials.
- Agree with some customers of Party and Exclusive hamper products to temporarily use plastic bags – unlikely to be acceptable for 'top end' outlet customers.
- Buy-in plastic and fabric knapsacks from multiple sources on open market – need suitable size, quality, but not same design.
- Source bulk quantities from alternative manufacturers or suppliers of plastic and fabric knapsacks – need suitable size and quality, but not same style or material.
- Sub-contract local manufacturers to make knapsacks to order direct for Chow Tools.

## Recovery options?

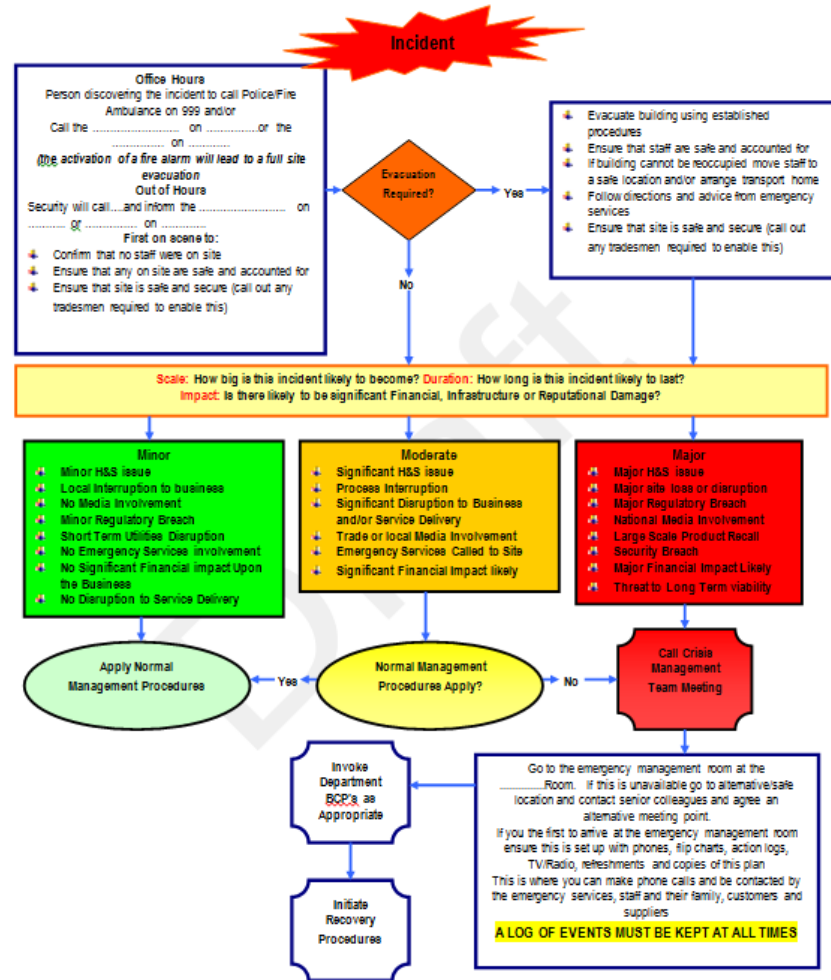
- Extend order volumes to Bag-it-Up (and Wrap-it-Qik) to ensure capacity to cover loss of Take-a-Knap permanently or temporarily.
- Offer to pay Administrator fair price to buy raw materials, WIP, finished goods, tools etc. to be redeployed elsewhere.
- Approve an alternative supplier for plastic bags and knapsacks – does not need to be one supplier of both.
- Sub-contract local manufacturers to make knapsacks to order direct for Chow Tools permanently – gives greater flexibility on future design options.
- Acquire Take-a-Knap from Administrator as a going concern – take ownership of all contents, re-start production, retain key personnel/skills – consider short-term ownership and re-sell in future.




# Emergency Response Plan

## INITIAL RESPONSE: WHAT TO DO AND WHO TO CALL

PERSON DISCOVERING INCIDENT	
<p><b>If there is danger of any kind to life, limb or property notify the Emergency Services immediately by calling 999</b></p>	
<p><b>OFFICE HOURS</b></p> <p>Inform the designated Incident Response Manager by calling the following numbers: .....</p>	<p><b>OUT OF HOURS</b></p> <p>Call.....</p>
<p>Ensure that staff are safe and accounted for.</p>	<p>Confirm that no staff were on site or ensure any staff on site are safe and accounted for. (Raise with emergency services if on site)</p>
<p>Ensure that site is safe and secure Call out any tradesmen required to enable this (see list below)</p>	<p>Ensure that site is safe and secure Call out any tradesmen required to enable this (see list below)</p>
<p>A log detailing conversations, decisions and actions should be kept at all times. A log keeping sheet is included on page 7 of this document.</p>	



# Crisis Response Plan

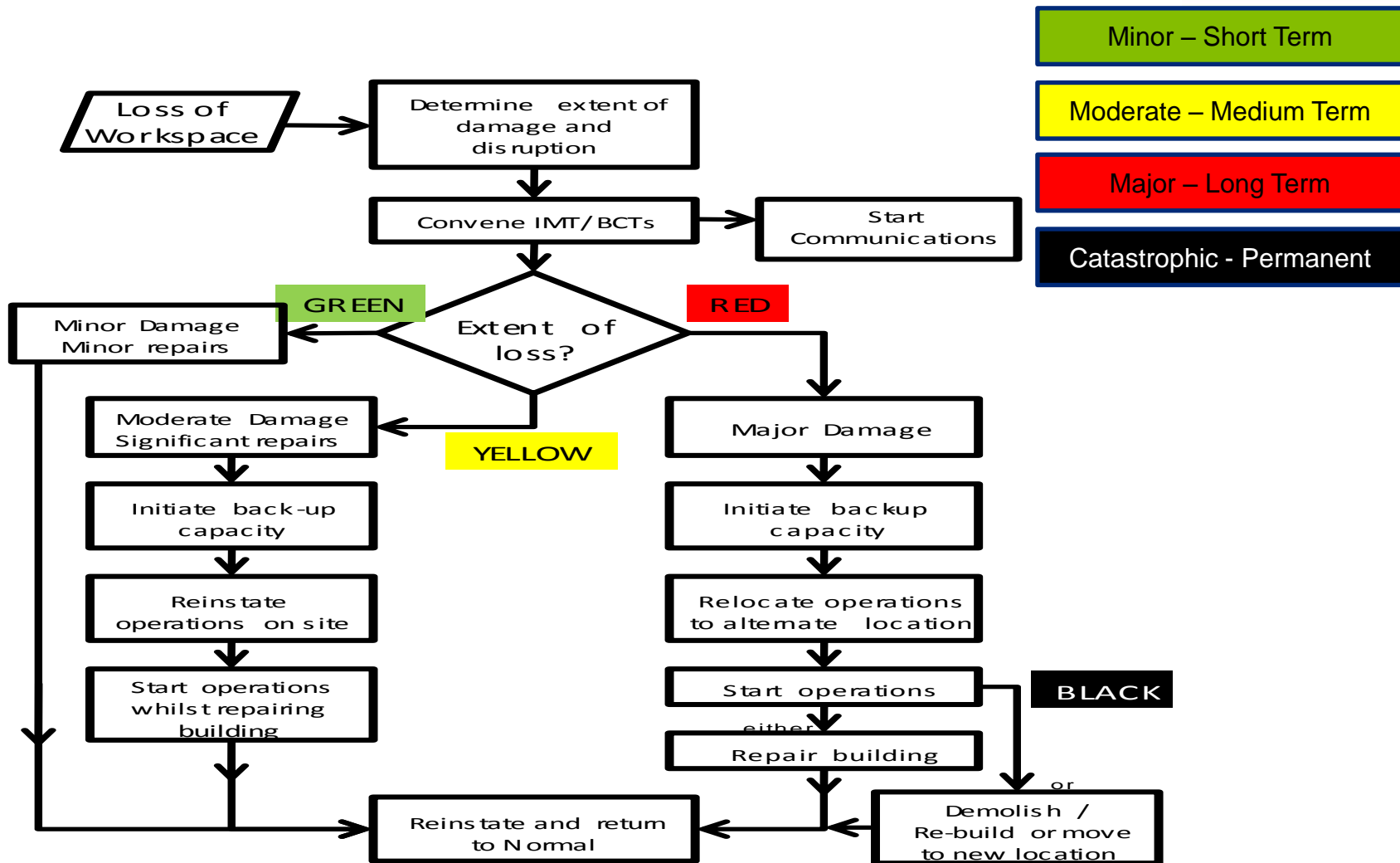
BIZZYCO Rapi-Parts Sloe Town UK 	<p style="text-align: center;"><b>Crisis Plan</b></p> <p style="text-align: center;">For</p> <p style="text-align: center;"><b>Rapi-Parts, Sloe Town</b></p>	Triggers: <b>GREEN: Operational response.</b> <b>Unlikely to be critical.</b> <b>AMBER: Escalated beyond Local.</b> <b>Major disruption potential.</b> <b>RED: Crisis Occurring or Imminent.</b> <b>Severe disruption potential.</b>	Doc Ref: CMP 04-01 Page 1 of 5 Rev Date: 10-04-2014 Version: 3B	
			Author AJS	Approval SCB

**Purpose:** To recognise and respond effectively to the threat of a crisis or to an actual crisis arising that could affect the Company


**Strategy:** (list of key steps)

	Priority Actions	Conditions/Time	Responsible	Purpose
1	Incident occurs or Threat recognised	Incident occurs or is reported	Local Manager	Identify crisis potential
2	Evaluate Incident	Within 1 hour of reporting	Incident Response Team Leader / Local Manager	Evaluate extent of threat
3	Declare preliminary Crisis Level	Within 4 hours of reporting	Incident Response Team Leader	Declare new status
4	GREEN Crisis Level – Manage & Contain locally	No Crisis impact expected	Incident Response Team	Manage and contain locally
5	AMBER Crisis Level – Escalate Notification to Local Crisis Team	Major Crisis predicted	Incident Response Team Leader	Notify key people at Division/Region level
6	Local Crisis Team evaluate status and potential - invoke Local BC Plans	BC response required	Local Crisis Team Leader	Invoke BC plans
7	LCT notify Group Crisis Team (GCT) if evidence of further escalation	Within 4 hours of notification	Local Crisis Team Leader	Monitor for escalation
8	Red Crisis Level – etc.	Severe Crisis predicted	Etc.	Etc.

# Business Continuity Plan



# Business Continuity Plan

<p>BIZZYCO Rapi-Parts Sloe Town UK</p> 	<p>Business Continuity Plan For Loss of Workspace</p>	<p>Doc Ref: BCP 04-02 Page 1 of 4 Rev Date: 12-04-2014 Version: 2A</p>	
		<p>Author JDS</p>	<p>Approval AJS</p>

**Purpose:** Strategy and Actions to continue delivery to customers and to recover operations following Loss of Workspace

**Strategy:** (bullet point list of key steps)

	Priority Actions	Conditions/Time	Responsible	Purpose
1	Assess extent of loss and expected period	Within 1 hour	Incident Response Team Leader / Local Manager	Evaluate response level
2	Notify/Convene Incident Response & Business Continuity Teams as required	Within 4 hours	Incident Response Team Leader	Prepare to manage incident
3	GREEN: Expedite repairs to reinstate operations	As quickly and safely as possible	Local Manager	Repair and reinstate if Minor-short term event
4	Trigger BC plan if YELLOW, RED, BLACK	Within 8 hours	Crisis Team / Business Continuity Team	Respond at level required
5	etc			

# Resource Recovery Plan

Critical Activities, Processes, Functions, Suppliers, Equipment, Buildings, Premises				For main Activities etc. identify preliminary % recovery schedule to meet MTOP  MTOP = Maximum Tolerable Outage Period before lack of the Process/Activity becomes critical to Customers or Operations reinstatement								
Priority for Recovery: 1, 2 or 3 1: urgent; 2: important; 3: evaluate				Level of Recovery vs Time - What resources are required by when?								
Resources: People, Premises, Equip, Information, Supplies Dependencies: Services, Utilities Suppliers: Internal & External				For resources, enter a value (quantity, volume, area, %) at the time required For systems, enter 'Y' to indicate when required								
				<4 hours	4-12 hours	12-24 hours	1-3 days	3-5 days	5-10 days	10-15 days	15-30 days	>30 days
Production Plant 1 & 2	MTOP:	10 days	Priority: 1									
<b>Resources</b>												
Operators (6 trained)							1	2	3	6		
Production equipment: total capacity 12000 Units/wk									1		2	
Concrete base 20T weight capability								Y				
Area - 1,000 sq.m. per machine								1000		2000		
<b>Dependencies</b>												
Electricity – 500KVA capacity								300kVA		500kVA		
Manufacturer/Contractor – Italy - (3 Eng needed)							1	2	3			

# Summary



**Don't let adverse  
circumstances take  
control**

**Achieve business resilience to avoid straying from your business targets**

**Plan for business continuity to meet your customer needs in the face of adversity**

**Survive - Re-build - Prosper**

# Questions?

# Thank you

**Adrian Simmonds** • Senior Risk Manager, Property Risk Solutions, QBE

Contact: [adrian.simmonds@uk.qbe.com](mailto:adrian.simmonds@uk.qbe.com) or 07909 888583





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