Disaster Preparedness & Your Supply Chain

Scott Teel, Agility Recovery

Today’s session will be recorded. Links to the archived recording will be emailed to all registrants automatically tomorrow.

For copies of the slides presented during today’s session, please visit: http://agil.me/2016supplychainprep
Disaster Preparedness & Your Supply Chain

1. What is Your Supply Chain?
2. Effect of Supply Chain Disruption
3. Where to start
4. Working with Your Suppliers

Agenda
Defining Your Supply Chain
Supply Chain (Typical Definition)

A network of suppliers, manufacturers, wholesalers, distributors, and retailers, who turn raw materials into finished goods and services and deliver them to consumers.
Supply Chain (More Applicable Definition)

ALL of the external vendors and suppliers you rely on to deliver your everyday services and products to clients.

Examples:

- Power Company
- Water/Sewer Authority
- Internet Service Provider
- Telephone (Landline and Wireless) Company
- Data Back-Up Provider (e-mail, etc.)
- Trusted Advisors
  - CPA
  - Insurance Agent
  - Financial Advisor
  - Attorney
Effect of Supply Chain Disruption
Disruptions are on the rise in many industries, partly because of the growing global economy and a reliance on overseas’ suppliers of components.

Small businesses are particularly vulnerable:
- Typically focused on fewer suppliers
- Carry less clout with supply-chain partners

Disruptions can have long-term effects on a company’s:
- Stock price
- Profitability
- Reputation
- Growth Potential

Source: www.continuityforum.org
Potential Threats To External Suppliers

- Natural Disasters
- Accidents
- Financial Failure
- Technological Failure
- Geopolitical Events
- Energy Shortage
- Strikes or Layoffs
- Change in Regulations
- Terrorism
- Employee Sabotage
Where to Start
Supply Chain Risk Prevention

- It is often difficult and expensive to entirely eliminate all risks.

- Instead, focus on developing a strategy to quickly remediate the impact of a major suppliers’ interruption.

- Involve your key suppliers in strategy development, drills, and exercises.
Four Key Elements of Supply Chain Risk Management

1. Awareness of risk
2. Prevention of risk
3. Remediation of threat
4. Knowledge Management between entities
Assessing Suppliers’ Vulnerabilities & Mitigating Risk

- Conduct assessments of suppliers’ business continuity plans (or request self-assessments)
- Conduct onsite audits of strategic suppliers (or virtual)
- Work with suppliers to make improvements if weaknesses are discovered
- Engage in simulations of business disruptions to test suppliers’ ability to activate emergency response plans and crisis management (table top drills, exercises)
- Ensure access to critical resources & assets for recovery
- Continually measure against key indicators through onsite visits and/or virtual meetings
Working with Your Suppliers
• Expose the potential risks associated with a supply-chain disruption

• Survey your suppliers to gauge potential risk

• Educate internal audience of identified exposure

1. Awareness
Does your organization have documented recovery plan?  
(Ask to see it)

Has a formal risk assessment and business impact analysis been completed?

Are you comfortable with your preparedness to handle an interruption?

Does your recovery plan include options for alternative facilities?

When was the last time you tested your recovery plan?

1. Awareness
2. Prevention

- Fully identify potential risks associated with your main suppliers
- Recognize causes/sources of potential risks
- Estimate the probability occurrence
- Treat the causes
- Monitor results
Sample Supplier Assessment

Vendor
• What service/product does vendor support?
• Where is vendor located?
• Distance from your organization?

Service Provider
• How often is the service used?
• Only supplier of the service?

Product Provider
• Average inventory?
• How often is inventory restocked?
• Average delivery time?
• Sole source of product(s)?

2. Prevention
Develop a strategy to recover from identified threats

Consider ways to shorten the duration, therefore minimizing the impact

Allocate any resources necessary to implement the strategy

Enact the developed strategy when a supply chain disruption occurs

3. Remediation
4. Knowledge Management

- Monitor any external (or internal) changes to potential risks and/or causes
- Perform a post-event audit on supply chain disruptions when they occur
- Ensure identified plans and contingencies are sufficient to react to the next disruption
Conclusion
• Business continuity planning should not be an independent activity
• Risk is a fact of life
• Ignorance does not eliminate risk
• You can manage and live with risk
• Planning is key to survival
Additional Resources & Tools
Detailed Vendor Assessment Checklist/Form:

http://agil.me/vendorassessment
Detailed Preparedness and Recovery Checklists:

www.PrepareMyBusiness.org

- Tornado Prep
- Flood Prep
- Disaster Kit Checklist
- Crisis Communications
- Phone Recovery Checklist
America’s PrepareAthon

WE’RE IN. ARE YOU?

America’s PrepareAthon®
for Flood Safety

WE’RE IN. ARE YOU?

America’s PrepareAthon®
for Tornado Safety
**What is America’s PrepareAthon?**

- An opportunity for individuals, organizations, and communities to prepare for specific hazards through drills, group discussions, and exercises.
- **National PrepareAthon! Day is April 30, 2015** and is a call to action for people to take steps to prepare for specific hazards.

**How do we take part?**

1. Register to participate in America’s PrepareAthon! and provide details about the activities you’re planning.
2. Learn the actions to take for disaster preparedness and practice them.
3. Plan your own preparedness event.
Did You Know?

- When employers encourage people to prepare, they are 75 percent more likely to take action.
- Households with school children who bring home preparedness materials are 75 percent more likely to have a household plan and discuss it as a family.
- Those who volunteer with a response agency or organization focused on community safety are 74 percent more likely to be familiar with alerts, warning systems, and local hazards.

AMERICA’S

PrepareAthon!

BE SMART. TAKE PART. PREPARE.

http://www.ready.gov/prepare

Register Today!
Questions?

Scott Teel, Agility Recovery
scott.teel@agilityrecovery.com

Today’s session has been recorded. Links to the archived recording will be emailed to all registrants automatically tomorrow afternoon.

For copies of the slides presented during today’s session, please visit:
http://agil.me/2016supplychainprep