Hello, ladies and gentlemen, welcome to today. Today's session will begin in about three or four more minutes. We are due to start at the top of the hour but we have a rather large audience so we will give everyone plenty of time to log in thank you for joining us early and we will be back in touch in a couple more minutes.

I want to let everyone know we are here and we plan on starting on time and it appears we have two more minutes before we get started so thank you for joining us early.

All right, ladies and gentlemen. Welcome to today's webinar disaster preparedness and your supply chain. As part of the annual prepare my business campaign. My name is Scott Teel with agility and I will be serving as your host today. As always, we always cover a couple of quick house keeping items. First of all today's webinar should last half an hour including a few minutes at the end for questions. And we encourage you to submit those questions using the go-to webinar control Pam on the right side of -- panel on the right side of your screen.

Also this webinar is being recorded and a link to the recording will to be our registrants and then finally if you like to download a copy of the slides from today's session, you can do so by visiting the link you see on your screen. Pay special attention to that link
because you must enter the http portion of that url in order for it to function correctly. It is case sensitive so use all lower case letters. Finally if you rather not jot down that entire url it will be included in a follow-up e-mail.

So now on to our session today which will focus on practical tips and instructions for engaging your supply chain in your own disaster preparedness planning. As well as how to encourage them to prepare their own organizations. As I mentioned before, my name is Scott Teel. Here at agility we serve a membership of 20,000 organizations -- organizations across the continent. Our teams respond to anywhere from 2 to 3,000 disaster events per year and we conduct hundreds of physical recoveries of these clients. And so all of that experience and knowledge really lend itself well to our presentation today focused on methods to help you better prepare your own organization by working closely with your suppliers partners, vendors and other service providers.

So now a quick overview of the agenda today. We will briefly discuss what you should consider as your supply chain and this may differ somewhat from your typical view of this term. Next we will talk a little bit about the reality of what effect a disruption anywhere along that supply chain could have on your operations. Really affecting your organization's health and your revenue stream, things like that. Then we will begin to dive into where to begin when assessing and protecting your supply chain and finally we will wrap up by giving you tools and tips on working with your existing suppliers to build their resilience against these business disruptions.

As we look at the term supply chain, we have shared here the typical view of what most of you may think of supply chain actually consists of. Basically in this diagram we are looking at the durable goods manufacturing cycle. This is what you would think of when you describe an organization that might take in raw materials and turn those into consumer goods. Any disruption along this chain even the ability to move materials and finish products through the lines of distribution really creates a pretty obvious disruption to the whole process. So consequently you can imagine the financial implications of any type of interruption. However, for the purposes of our discussion today and really more to accurately encapsulate the effect on your business of a disruption of any service or product or material or solution along the path that you use to serve your end customers, we will look at this definition instead. Now you obviously probably have some critical functions that occur every single day in your
organization that allow you to serve your customers or your end consumers. And those critical functions are almost certainly reliant on some kind of outside entity as a step in that process. So a few examples of these might be external vendors and suppliers that you might not traditionally consider as parts of your supply chain. A few of those are listed. We include utility providers professional service providers like CPAs and attorneys. And data backup providers and outsourced IT infrastructure specialists. A lot of our audience on the line today are small businesses so you don't have a CIO or an IT person who is employed by your company so you are outsourcing those things. Whoever you outsource those things to become part of your supply chain.

Now we know that we are starting to figure out how large this group of outside vendor, suppliers and partners really is and you cannot begin to understand the scope of influence and the subsequent risk this group poses to the health of your organization can really be. And if we add to that fact that our economies are increasingly global in nature and there is a significant upswing in frequency and disasters across the world. We have to turn our attention outward to these organizations just as much as we focus internally if not more in some cases. So because our audience is very large, I know we have Fortune 500 companies and public institutions, but we have a fair number of small business leaders on the line and I would like to particularly point out to that audience that you could be at an even greater risk than these larger organizations. There may be lack of financial wherewithal to overcome interruptions. You might not have the luxury of time to find and vet and parer in with vendors and partners. So regardless of the type or size of your organization, any disruption you have can be extremely far reaching. The long term effects could have crippling effect on your revenue stream. Also your ability to remain solvent. Your corporate reputation, your future growth potential. Bottom line, all of these things could be implicated by something that doesn't even happen to your own organization. It could be your supply chain.

Those of you on the line today probably recognize a lot of the risks that are proposed to your organization otherwise you wouldn't be here, right? So this list of potential threats to your outside vendors may be somewhat routine to you because you have considered them as risk to your internal operations. But it's important to review this and remind you that many of these things don't typically make the evening news because they may not affect a large region or a significant portion of the population in your area. It's also important to remind you that any one of these elements could force
either a delay in the delivery because of the logistics chain involved. Or a difference in the quality or consistency of the service or product they are providing to you. Both of which could dramatically change your operations. Finally, remember that we could be dealing with events that happened half a world away and the ability to ascertain the risk that these risks pose to your vendor could be difficult to know what is going on half a world away. For that reason we will now jump into where we start to build resilience and preparedness in our supply chain. We begin with the assumption and the admission that this is a difficult and maybe expensive and pretty much entirely impossible process of eliminating all risk. And that's why we have products like insurance out there to help us offset the risk we simply cannot mitigate. When it comes to a supply chain made of up organizations and businesses, utilities and government entities, we all have complete control. We have very little control of those some we have to develop strategies to overcome and mitigate the impact that inevitable interruptions will happen to these organizations. Where possible, we always recommend involving your key suppliers and your -- in your strategy development and implementation. We will talk about how to get them involved in your process today. Now it may not be day one of this process, but somewhere along the way the more those partners can be familiar with your strategies and the more you can be familiar with them, and the more opportunity you have to play a role in assisting them to develop their own plans, the better off you will be. It's just like in a marriage. The more you can talk through your potential problems, the better off you will be in that marriage. Of course, we know that you aren't going to always be able to invite the power company or Verizon wireless or AT&T to your planning meetings. I get that. And they are probably not going to be willing to share their own business continuity plans with you at the intimate level you need to know. You can still make some broad assumptions about those organizations and do a little bit of research to understand key vulnerabilities that those organizations present to you.

So when it comes to managing the risk posed by the outside entities upon which you depend, we try to focus on these four key elements. Recognizing and becoming aware of the risk posed to your organization. Then developing strategies built in to the critical functions that you do every single day that can help you prevent or mitigate these risks. And then we can look at ways to mediate the threats that building redundancies into your operational functions really create. How can we remediate those threats and take care of those things before they happen? And then finally having proper collaboration and communication between your organizations and the
entities upon which you depend will really help keep your operations in place and functioning as efficiently as possible. And that holds true not only during disasters. The more you can integrate yourself with your key vendors and key suppliers and key service providers, the better off your entire relationship with those companies will come. As we begin the first step of becoming aware of our supplier or vendor partner risk, we can achieve this in a number of ways. What you are looking at here is a high level summary of a few key steps for doing this. So first of all we suggest you simply ask for their business continuity -- continuity plan. More and more vendors are getting used to share this information about this business plan with their key customers. It's almost a requirement in some supplier scenarios.

You don't have to pour through page after page of someone else's written plan. I can understand that's a dry process. But the key here is to ascertain if plan actually exists and secondly and potentially more importantly their realistic capability for executing this plan. You certainly don't need to be a disaster recovery expert to tell if the plan is there or not. And how comprehensive it is. And you can just simply take a look at it. Ask a few point questions about how they plan to implement it. And that will really give you a very dynamic idea of how well prepared they actually are as an organization.

Secondly, you can always visit their physical site to determine risk. That's a great step to take. For example, are they next to a massive fuel storage depot? Are they across the street from a major river that has a history of flooding. There is a barbecue restaurant downstairs from their office that might catch fire. Simply saying, there are a lot of physical risks that can be considered simply by stopping by for a visit and understanding that.

Now at this point you should make sure when you are asking questions and asking for documents and those kind of things, assessing vulnerabilities, explain that you are actually there to help them and work with them to make both of your organizations stronger. This is a key step in trying to make sure that this is not an adversarial process. As your business grows with key partners, it's always important to continually go back and assess the threats as both your organization and theirs changes and grows or the proportion of business that you do with that individual provider grows.

Now when it comes to working with your suppliers, as we mentioned
before, many of the risks and threats that are posed to your own organization are also face bid your partners in the supply chain. My suggestion would be that any work you are doing on a risk assessment, you can share that information with your vendors and suppliers and partners. That's not proprietary information by any means. If you are in an area that tornadoes are prevalent or earthquakes and disruptions to utilities are frequent, those are the kinds of things that if you assess that and is it actually a real and present risk, share that with your vendors. Make them aware and own up to the actual risk that they face. You can also conduct very simple surveys even on-line or through an e-mail survey asking a few key questions about their plans for emergencies or interruptions. And then finally make sure that as you conduct these assessments and identify any potential holes in their plan or risks that you are unable to mitigate with a certain partner, make sure you -- intelligence internally with your own personnel who work directly with that partner or responsibility for that relationship to be quite honest this could be almost an eye-opening experience for some of your own personnel as to the strength of the organizations that they are dealing with on a daily basis. Sometimes this will lead to a pretty healthy debate. Should we really be doing business with this group? Are they really the strong partner that we need in this particular role? And that may even lead to you potentially seeking alternate or backup suppliers and vendors. We will talk about how to do that in a moment.

So here is an example of a brief but potentially very informative sample survey. This is really -- you could go much, much further with this but we recommend keeping your samples -- or your surveys pretty brief. We are only trying to ascertain a few key things here. Now we talked earlier that you can download these slides or print these slides and use these as a basis for your own survey so we recommend that. And just as a suggestion, we used some free on-line tools like survey monkey to help facilitate surveys like this with our own vendors. As you can see here, you're simply asking a few key questions about the basic elements of a good recovery strategy. Things like the recovery plan, any risk assessments they conducted and a few questions about how they physically plan to execute their strategy. So that's -- is that good time for an important side bar. While having a written plan is great, all it really consists of are words on paper and a recovery plan, if you say that for example if power goes out we should obtain a generator within two to four hours to restore power. The problem with that is that, yes, that's a good strategy, I get it. But how do you plan to accomplish that? What if the demand for generators in your area just skyrockets because
of the hurricane or tornado or something like that or an ice storm and then beyond just getting the generator, how do you plan to connect it? Do you know what size and type generator you need? How do you plan to refuel it? How about the regular service center intervals. These are real rubber meets the road questions that you need to answer.

Now once you identified any potential risks to your organization that exists within that supply chain network, you now work on methods and strategies for preventing those threats from affecting your organization or at least minimizing the impact. Now by estimating first of all the probability of a given threat and then secondly assessing the potential impact, you can then figure out what the most important elements are that you need to plan for. Therefore you can then allocate resources, time and effort to mitigating that risk and really appropriate -- appropriating the right resources to whether it's financial or human resource power, that type of thing. And based on the level of impact and probability of it actually happening, you can then set forth a budget or confer with the leadership or ownership of your company to say here is the new hires we need. Or maybe not about hiring people but about allocating an hour a month or two hours a month toward this process.

For example, say your organization relies heavily on mobile smart phone devices. Everybody carries one them. Are issued by the company. They use it for access to e-mail and texting and voice communications but you live in an area where the likelihood of an outage with your wireless carrier is common. That's going to have a drastic impact on your ability to search customers. You can't pick -- serve customer. One method of prevention might be to use two carriers instead of one. Split those carriers equally among your staff and between departments. So if there are four people in your accounts receivable department. Put two on Verizon and two on AT&T, for example. Now I understand it might be more costly to have two separate carriers and negotiating those contracts and all of those things, but you to build in redundancy in these situations should one carrier be down for a period of time.

Now the survey we talked about earlier is followed up with this step which is an internal assessment that incorporates the key information from that first survey we talked about. Now what you see here is a sample assessment. This is simplified to a great extent. But you can see you first determine what elements are your critical operations are given vendor supports. Then you identify
the potential environmental or physical threats based on their
location or their distance from your center of operations. And then
you continue on by determining the effect of the loss of that service
provider. Like for example, your outsourced IT vendor. What
happens if you can't reach them or they have to all of a sudden tend
to half a dozen or of their customers at once. Are there other
vendors out there that you can use? Perhaps set up an account with
them ahead of time or should your primary vendor be out of commission
and you someone to turn to right away. You know their name and
telephone number and you have an account set up with that
organization. And then also when it comes to products that you use
from product providers, are there other sources you could use? Have
you looked at pricing from those other sources? How long will it
take to get delivery from these backup suppliers should you need to
do so in an emergency situation? These are all great questions to
ask your internal team essentially. And you often find that sure,
maybe they don't know the answer. That's quite all right. But in
that case it could be time for more in-depth survey of those vendors
and suppliers or even a meeting face to face to go through these
questions. Again, it doesn't have to be adversarial. Don't go in
there pointing fingers at all of their inadequacies. This is a
process and you are both there to help your companies do more business
together and make it a safer better more prepared business
relationship.

Now step three, remediation. When it comes to threat
remediation, these strategies may apply to the organizations you are
working with or strategies that you implement internally to overcome
the situations that could cause an interruption. Say for example
you are a small community bank. And you experience a major tornado
that damages much of your town. This is like for example what
happened to Joplin, Missouri. Or Tuscaloosa, Alabama in this case
you might have a generate sore maybe you are okay on power. But you
loss internet connectivity and don't know how long it will take to
restore that. In these cases with no power and no internet
connectivity everybody will need cash. Do you have methods that you
can use internally to access remote data on account balances or can
you perform hard copy paper transactions? Do you have the ability
to implement a third party vendor to deploy like a wireless data
resource or satellite data resource. How about your cash vendors?
Do you have multiple redundant vendors you can rely on for cash
deliveries to accommodate that huge surge that's going to happen?
These are a couple of little examples and I know our audience is
diverse here if you have questions about how to remediate certain
risks in your organization, just type those in. We are happy to
answer those questions.

Now finally step four, much like an annual review or a test exercise, you need to continually revisit, reassess and revise these plans. Knowledge is a strength in a particular case really, the more time you spend working with your key partners to build up this kind of I guess it's a holistic preparedness and resilience among and between your organizations, trust me, the better off you will be both in day to day business as well as should the worst occur.

As we wrap up with our conclusion, we have talked through the high level steps of what's required to assess and help better prepare your organization against interruptions in a supply chain. So now I'm going to conclude with a few key reminders. These are the things you want to take back to your leadership or management to talk about this concept. First of all, business continuity planning should never exist with only just for example a few department heads sitting around a conference table. Certainly don't operate a vacuum and you must look outside of the four walls of your entity to gain this kind of knowledge and understanding of the risks that are posed to you. Your entire network you depend on in order to deliver whatever service it is, whatever product it is. So you have to look at that entire chain whether it's logistics or raw material delivery or the service providers I talked about earlier. If you are missing tax deadlines your cpa is down there is massive implications there. If you are involved in litigation and your attorney loses all of their data or their office burns down and their file goes with it, what happens to that case? Can you continue it forever? Maybe not.

First, we have to understand that risk is a fact of life. You can choose to ignore it. As we have all heard, hope is not a strategy. And as common sense will tell you, being ignorant to the potential risk you face could spell disaster for your company even if a disaster happens half a world away and you aren't affected in your location in the slightest. We saw the Fukushima earthquake and tsunami and nuclear disaster disrupt the manufacturing chain of some of the largest auto manufacturers in the world. How does that affect your local dealership and how many jobs are gone because there is no cars to sell These are things that happened half a world away. So you can manage the risk. You overcome the threat that face your business every day but you must take the time to learn, plan and understand. It could be as simple as asking your key vendors to meet for a cup of coffee or to discuss the upcoming hurricane season over a happy hour. Or you could send a quick e-mail to the most important service provider just ask to see their business continuity plan.
It may be your opportunity is to seek out alternative vendors or set up a working account with the partners ahead of time in the event your primary vendors are affected by the disaster. This doesn't have to be complicated. It doesn't have to be time consuming. It's just a matter of taking the first step. Now as I mentioned we will give you a couple of tools here. What you are looking at is a vendor assessment form that we developed that will help you one by one go down some of the important elements of looking at one vendor after the next after the next. And the link that you see on your screen there now you can do a direct download of this form and print one out for each of your key vendors and go through the list. This is also a good tool to fill out and then scan and have it in an offset place where you can -- off-site place where you can access it from anywhere should your own building burn down and you need contact information.

Next, a lot of you may have found this webinar on the website prepare my business.org. This is the co-sponsored website with a dozen of check lists and resources there. You can see here things like a tornado preparatory check list, flood preparedness. Disaster kit, crisis communications. All of these are great tool that are free to download and this may be the basis of your conversation with key vendors. Coming up on tornado season like is it right now, massive hailstorms in Texas last night that did potentially millions of dollars worth of damage. And so these storms are right on the horizon. Maybe it's time to printout this tornado preparedness check list and sit down with a cup of coffee with your number one vendor.

The last thing I will mention is America's prepare-a-thon. This is really the biggest initiative on the part of the ready campaign FEMA and a few other non-governmental organizations to show people how to get better prepared. Now it's an opportunity for individuals and organizations, churches, schools, whatever you may be to prepare for these specific hazards. NASA prepare-a-thon day is April 30 and this is an opportunity for everyone to take specific steps for hazards that are present in their area. So how do we register? How do we take part? Well, visit the link on the next slide. Learn different tools that you can use in these meetings. You can learn different skills and event that you can take part in in your area. And you can plan your own preparedness event. We talked earlier about how simple it is to sit down over a cup of coffee. Maybe your America's prepare-a-thon event could be just buying doughnuts for all of your employees and helping them to put together
their own disaster kit for the day. That's just a simple way to help ensure your employees are well taken care of during a disaster.

Here is a few things when employers encourage their own employees to get better prepared, there are 75% more likely to take action. We have a lot of schools on the line today. And whether or not preparedness is part of the curriculum in your school, this is an opportunity through America's prepare-a-thon to download ready made tools and work sheets specifically for children and if they take those home and share them with their parents, those families are now 75% more likely to have a plan for example a house fire.

As a business leader, if you are on the line today and encourage your employees to participate and volunteering in their communities, maybe they can volunteer with a response organization like the red cross. Those folks then become more educated to the different local hazards that are faced in their communities and they will become more likely to help prepare.

Here is the link I promised. It's at ready.gov/prepare. So we encourage you to register today for this April 30th event.

That's all our content for today in terms of preparing your supply chain and I know we had a few questions submitted thus far so, Nicole, we can kick those off.

>> Good afternoon and thank you Scott. The first question I saw come in was how much time do you estimate this part of the process would take?

>> Obviously that will depend on how many vendors and suppliers you deem to be critical in your organization. I can't answer that specifically, but what I can tell you is that it only takes probably 20 to 30 minutes to put together a survey on survey monkey and upload a dozen or so e-mail addresses and send that e-mail out. Or you type an e-mail and ask four or five quick questions similar to those we shared earlier today. You can steal those questions and use those. So you know -- how long does it take? However long it takes you to type out e-mails to the top ten or top 12 suppliers or vendors that you rely on for daily interaction. So not a great answer, but I guess my main point here is that it doesn't have to take hours or days or weeks. It could be a matter of minutes to try to ascertain how well prepared your vendor network really is.

>> The next question, how does supply chain and logistics management
relate?

>> So from Agility's perspective when it comes to disaster preparedness, we look at those at one in the same. Fed Ex and UPS are your primary overnight shipping partners. We consider them part of your supply chain. Now I'm sure there are people involved in logistics on the line today that would dispute that, but really for small business owners, we try to ask them to broaden their scope and their vision of what a supply chain really is to all of your partners with whom you do business that play a role in your critical business functions. Critical business functions is kind of an industry buzz term that just describes the things that you have to do day in and day out to keep your company or your business or your entity afloat. So if there are outside entities that take part in those critical business functions, they become part of your supply chain. And obviously the logistics question plays a role so if your vendors are okay but the roads are out or the bridges or the railways or airlines are grounded, that certainly is going to play a role. You have to go back to that question we asked earlier, you're not going to be able to mitigate every single risk. What are your other methods for getting around those impenetrable barriers if you want to call them that. Not a great answer again. I apologize. But in our world the elements of a logistics program really relate back to your supply chain.

>> Any suggestions for assessing international suppliers, especially Asian suppliers and are there any consultants who do this?

>> Oh, my gosh, there is an entire cottage industry of consultants that will do that for you. Here at agility we don't have a lot of experience with those entities because we focus on really helping organizations to prepare more internally. But I think that you can take some cues from some of the largest retailers on the planet. Organizations like Target, Amazon, Wal-Mart. They are dictating to their supply chain that they have certain basic preparedness plans in place regardless of what nation they are based in. And some of that information not necessarily specifics about each company, but some of the requirements that are becoming more prevalent to supply chain requirements are available on-line. So certainly recommend taking a look at that. And you know, if you are doing business with an entity on the other side of the planet, I imagine that you have done some vetting as to their financial wherewithal, their managerial competencies. You looked at how other customers have Del with them in terms of referrals -- dealt with them in terms of referrals. This is an extension of that process. It's basically due diligence. You are asking different questions. Much of the same way that you vetted
those organizations to begin with, you just need to ask those same questions that we shared with earlier in these surveys and some of these assessments the same way you would ask what their ability to fulfill a given order may be.

>> Great. You spoke a lot about the process of engaging vendors and suppliers in the preparedness step. What about convincing them to do so in the first place.

>> Yeah we get that question a lot. How do I tell another business owner that this should be important to them. I talked about not making this an adversarial process. You need to help these businesses and other entities understand that this is a requirement of doing business with us. We cannot continue to do business with you at the pace and the volume without knowing that you will be there for us should the power go out in your building or should a bathroom overflow and melt the computer. I mean, there is a million things that could happen to your company and theirs. I'm sure that they want to make sure that you will pay their bills so they potentially could be asking the same questions of you. So the bottom line there is how to motivate a vendor or partner, this is part of the process of doing business with us. And leave it at that. It doesn't have to be adversarial. It's part of the process.

>> Somebody wrote we are early in the process of developing our own plan. Should we get our own plan finished first in place before involving outside companies we work with?

>> Very good question. And I think that first of all I should point out that this process is never finished. You are never going to, quote, finish your plan. Disaster preparedness plan is forever evolving. You should always be looking at it annually as your company grows or changes or expands. So asking whether or not you should be finished or not? No, you don't need to be finished with your own plan. I would say however that you need to go through probably the first couple of major steps of establishing your own plan internally and the first step is a risk assessment. What type of risk are posed to your organization so that you understand what risks could be posed to your vendors and suppliers. The second would be understanding what the critical business functions are within your organization because that will tell you what vendors are going to be most important. If your critical business functions are going to be impacted by an outside entity in anyway that will then tell you which vendors and suppliers and partners you should be talking to in the first place.
The first two steps are important to complete before you go out and start meeting with your vendors and suppliers. Know the risks faced your organization and know your critical business functions.

So Nicole signaled that's all of the questions we have I want to thank everyone to your attention for this subject today and reminder it has been recorded. You will receive an e-mail with a link to the recording and a link to the slides. And we do hope you will join us next month when we will be talking about the upcoming hurricane season and how to prepare for that. Thank you so much for your attention and we hope everyone stays safe. Have a wonderful day.