

## Business Continuity Planning, Or What To Do When Stuff Happens

Supply chain managers must always be prepared to expect the unexpected. A well-thought business continuity plan is key to getting up and running after a disruption.

By Candice Fan

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Globalization has changed the way manufacturers do business. Materials are shipped from one or multiple places, the manufacturing plant is in another, and the customer is in yet a third place. The question for manufacturers now is how to navigate the challenges brought on by globalization while maintaining adequate production to meet demand? In a global economy, any major incidents within the supply chain or natural disaster can subject customers to supply risks.

An example of this was the 2008 Olympics in Beijing. The Chinese government did not allow many materials needed in semiconductor manufacturing plants to come into their ports, which required organizations to make alternative plans. Two months were added onto shipment time to allow for alternate shipping plans. Without foresight and planning, this would have marked a significant problem. By implementing business continuity strategies, including proactive processes, contingency plans, and supply gap mitigation plans, this challenge was addressed and gaps in supply were averted.

In this article, Candice Fan will explain the importance and steps of business continuity planning to ensure uninterrupted supply to customers.

For a supplier, corporate responsibility concerns every step in products' value chain from research and development, to procurement, to production, to transport, to use by customers, and finally to waste and recycling. In a global economy, any major incidents within the supply chain or any natural disaster can subject customers to supply risks.

As businesses with global locations and customers, suppliers must be prepared to handle critical business functions such as customer orders, overseeing production and deliveries, and various parts of the supply chain in any situation. Business continuity can be maintained by analyzing, identifying, and mitigating the risks to business operations.

## Code of Conduct

One way that Linde Electronics does this is by first establishing a **code of conduct** for suppliers and requiring their commitment to comply with this code in order to do business together. The Code of Conduct covers such issues as:

- Health and safety
- Human rights and labor standards
- Legal compliance and integrity
- Environmental protection
- Sustainability in the supply chain and monitoring through self-assessments and audits
- Integration in contractual agreements

Cooperation for sustainability enhances mutual trust and long-term business relations. It pays off in reduced costs, high safety standards, compliance with national laws, and a positive impact on employee satisfaction and productivity.

## Business Continuity Plan (BCP)

A **business continuity plan** is a plan to continue operations when a place of business is affected by different levels of disaster. The BCP explains how the business will recover its operations or move operations to another location after damage by events like natural disasters, theft, or flooding. Linde Electronics engages with each supplier to develop a business continuity plan that enables them to continue to perform critical functions and provide services in the event of an unexpected interruption.

The business continuity planning cycle promotes a continuous improvement process and ensures that all designed recovery plans and solutions are in place and are efficient and effective. The cycle contains the following steps.

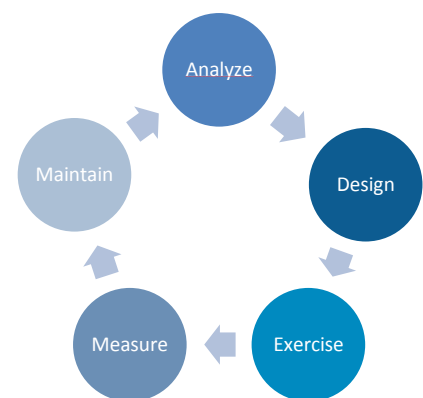
### Analyze

Business impact analysis is done to identify threats, determine the consequences of disruption, and document and plan safeguards to support critical business activities.

### Design

After information is collected and thoroughly analyzed, then a disaster recovery plan is designed to further determine the impact to the business of particular risks. This includes:

- Identifying back-up supply and locations
- Elaborating plans for recovery process if a natural disaster or risk event should occur
- Defining duration of outage
- Planning drills to test business continuity plan (for exercise phase)



## Exercise

At this stage, the planning drills are executed and on-site audits of suppliers are conducted. These audits test the suppliers' ability to activate emergency response plans and crisis management.

## Measure

As the business environment is dynamic, a mechanism to track change, assess impact, and modify planning must be employed to ensure that response to failures or events are appropriate and timely.

## Maintain

Once potential risks are identified and mitigation plans are developed and implemented, the goal is to maintain the business continuity plan with suppliers. Then the planning cycle restarts with **Analyze** to ensure that the supply chain is robust, responsive, and reliable.

## Benefits of BCP

The benefits of an effective business continuity plan for suppliers are that it facilitates:

- Identifying and managing current and future threats to the company
- Taking a proactive and effective approach to minimize the impact of incidents
- Keeping critical functions up and running during times of crisis
- Working across teams with operations, technical experts, quality, and supply teams
- Demonstrating a credible and resilient response to customers, suppliers, and business partners

Business continuity planning is a powerful tool to improve and deepen business partner relationships. Linde Electronics has implemented this tool to create a robust and diversified supply chain where we work with electronic material suppliers worldwide to meet global demand. If the supply of raw material is interrupted anywhere in the world, business continuity planning puts us in a stronger position to limit the long-term business effects. By working closely with suppliers, we can deliver on customers' requirements faster and more reliably than ever before and can offer supply security to customers.