

CSCMP hottopics

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The 360° Approach to Business Continuity Planning

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One thing that 3PLs and supply chain management organizations know for sure – anything can happen. We’ve faced nearly every conceivable unexpected situation that could affect the supply chain in the last few years, and we’re still bracing for more change ahead. Business continuity planning (BCP) is always critical to managing change. However, reverting to pre-pandemic planning methods can leave logistics companies vulnerable to setbacks, systemic supply chain breakages, and revenue loss.

The goals of business continuity planning go beyond operational disruptions. In global transport and logistics firms, some degree of supply chain disruption is virtually unavoidable. Business continuity planning helps strengthen a firm’s foundation to minimize the impacts of disruptions, absorb its aftershocks, and implement new solutions nimbly and effectively.

THE “FOUR A’S” OF RISK ASSESSMENT FOR TODAY’S SUPPLY CHAIN

A 360° approach to business continuity planning begins with an internal assessment. Once you’ve identified risks and gaps, you can outline workarounds, actions, resources, and processes to mitigate the risks and fill in the gaps. One simple framework for an internal assessment is the “Four A’s” approach:

- **Avoidance** – What risks can you avoid altogether?
- **Action** – What procedures can you implement to help you take effective action quickly if the need arises?
- **Adaptation** – How able are you to adapt when a disruption occurs? What can you do to adapt more efficiently?
- **Advancement** – How well can you advance from disruption to solution?

Some business continuity plans take an if/then approach: if Scenario A happens, then we’re prepared with Plan B. This binary method is limiting and can expose a business to additional risk. At Gebrüder Weiss, we often say there are 1,000 possibilities for a logistics program. A “Four A’s” framework provides a deeper view of potential risks and allows for a more comprehensive solution to address myriad possibilities.

RISK CATEGORIES

There are four main categories of BCP risk, and each type needs its own set of continuity plans.

- **Technology** – We see technology risk as two-fold. First, there’s the risk of losing technology from temporary outages, weather events, and cyber hacking. Second, there’s the risk of not being able to provide customers with the technology they need (and demand). For example, we’re ramping up additional technology to help our customers understand exactly where their freight is with pinpoint accuracy.
- **Labor** – Labor risks range from outright shortages to a strike in a critical supply route to a key employee’s sudden absence. A BCP plan should include clear roles and responsibilities for employee coverage and adequate training and communications for these employees to provide the intended coverage. We’ve always prioritized internal communications and ongoing training and have further leveraged these channels for business continuity planning.

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- **Location(s)** – During the pandemic, the business continuity risks associated with physical locations became even clearer. There's no single or easy answer to managing location risk, but we recognize the near-term trends of warehouse growth and near-shoring demand. We have responded with our expansion into new ports and warehouse spaces.
- **Suppliers/partners** – Part of location risk extends to suppliers and partners. Understanding their remote operations capabilities and business continuity plans is critical to the execution of your own organization's plan.

KEYS TO BCP SUCCESS

A successful 360° business continuity plan must be built on established operating procedures, including internal and external operations, and be accepted by all stakeholders. These principles are keys to success:

- **Standard Operating Procedures** – We have senior-level staff responsible for designing and implementing Standard Operating Procedures, developing systems for continuous improvement, and overseeing all compliance, U.S. operations, and internal process functions.
- **Internal operations** – We focus on maintaining a highly efficient back office, which gives our operators and client-facing managers the ability to focus on client needs rather than office operations. In turn, our teams can spend time finding more cost-effective carrier options or customizing client solutions.
- **Engagement** – We recommend getting stakeholders involved in the plan design itself. Their input is valuable to the process, and involvement increases engagement and plan adoption. We also have established channels to ensure ongoing communication and consistent education across locations and levels.

Since supply chains are intricately linked, the better each link is prepared for change, the better the supply chain can operate as a whole. More change is certainly ahead, but business continuity planning can keep supply chain organizations prepared for any short-term challenges that come our way and have a foundation built to sustain us for generations to come.