

Supply Chain Analysis - Business Continuity Planning



The COVID-19 pandemic has created changes in human behaviour, supply chain disruptions and market interruptions like never before. The crisis has imposed shocks on all segments of food supply chains, affecting production, processing, transport, logistics and consumer demand. This has highlighted the importance of understanding the supply chain, adopting a continuous-innovation mindset and developing a proactive plan to mitigate risks and pivot your supply chain strategy accordingly. By taking steps to stabilize supply chain operations and implementing business continuity plans, companies will be more resilient in the long run.

A good planning process for supply chain continuity begins with asking the right questions. An agile supply chain relies on strong, well-chosen and well-managed business partnerships and an environment that enables management and staff from all links in the supply chain to work together to develop contingency plans to deal with disruptions. Creating a culture of continuous improvement requires the involvement of the entire supply chain. The benefits of a strong supply chain continuity program include stronger, more collaborative partnerships overall and a greater potential for business success going forward.

A business continuity plan positions your business to survive serious disruption. It eliminates confusion common to every disaster or disruption, providing a clear blueprint for what everyone should do. More importantly, your business continuity plan supports communication between employees, supply chain partners and customers.

A supply chain analysis may identify the need to shift business operations or a more significant pivot to meet changing market demands. This analysis will help you to develop a plan that helps you to anticipate, assess, prevent, prepare, respond to and recover from business disruptions, to enhance the resilience of your business.

When devising a business continuity strategy, you should consider four Ps:

- people (staff and customers)
- processes (the technology and processes required)
- premises and providers
- partners and suppliers

Start with your customer. Your supply chain must have enough links properly connected to deliver what your consumer wants, starting with the raw materials from the beginning of the chain.

The first step is to identify what could interrupt your supply chain operations and plan for solutions. This includes mapping the supply chain and conducting a risk assessment of people, processes, premises and partners. Supply chain partners must be vetted for business continuity. The more critical the supplier, the more important their business continuity measures. The business continuity plan should include action plans to deal with “what if” scenarios in each area. For example:

- Do you have an alternative raw input supplier in case of a disruption?
- Do you have a back-up plan that will address transportation or trade issues?

- Are you prepared to pivot your operation to adjust to changing industry trends and consumer demands?

A supply chain is a network of people, organizations, and activities that move a product from a supplier to a final customer. A supply chain disruption is any sudden change or crisis — be it local or global — that negatively impacts that process. Investing in supply chain contingency planning is like buying insurance for your company. You hope you will never need it, but having a contingency plan makes your business more resilient in dealing with disruptions.

Here are a few things to consider when creating a business continuity strategy for managing supply chain disruptions.

1. Create a supply chain emergency plan.

It is important to have a back-up plan, especially when it comes to essential supplies. When creating an emergency plan, you should think about all the links in your supply chain and consider setting aside an emergency budget, which can be used when disruptions occur. Consider which inputs and outputs you need to control and create an action plan for dealing with any disruptions.

2. Communicate with supply chain partners and stakeholders.

Proper communication between stakeholders, suppliers and customers allows more creative ideas to be brought to the table, thus improving processes and strengthening the supply chain. Communication between supply chain stakeholders builds transparency, understanding and trust. Effective communication and information flow will help companies to respond swiftly and aggressively in collaboration with all stakeholders to counter each disruption while anticipating the next challenge. When standards, best practices and priorities are communicated properly, every link in your supply chain is functioning as efficiently as possible.

3. Build up inventory.

Create a stockpile of essential supplies that will offer business continuity for several months of disruption. This might mean keeping an inventory of finished goods or raw materials for production — whatever you might need to maintain your business if your supply chain is temporarily cut off.

4. Conduct a supply chain risk assessment.

Understanding the risks that could leave employees, customers, vendors and operations vulnerable is fundamental. Map your supply chain, communicate with supply chain stakeholders and assess potential risks for critical processes and operations. Identify vulnerabilities that could cause disruptions to your supply chain and their potential impact to your business, and then develop a strategy to respond. An effective supply chain risk management plan needs to be monitored and reviewed periodically to improve resilience and agility of the supply chain.

5. Identify backup suppliers.

Research alternative suppliers and identify who can provide you with essential goods if your current suppliers are unable to get materials to you. This could mean identifying suppliers in other geographic locations and building relationships with them so that they can step in when you need them.

6. Diversify your supply base.

Diversification of suppliers can help maintain business continuity in times of disruption. By setting up your supply chain so that you have alternative supplier relationships, you can ensure that supply chain operations function during times of disruption.

7. Build a logistics contingency plan.

Carefully consider your transportation and logistical needs prior to evaluating distribution strategies in order to ensure that your supply chain can fulfill critical requirements and maintain the flow of goods, even in an emergency situation. Develop a backup plan for each step of your supply chain in case of disruptions. This analysis should include transportation carriers, warehousing and multi-channel distribution strategies. Build flexibility into your processes so that you have alternative solutions and can pivot when necessary.

8. Understand your customers and market demands.

Business continuity is not about one moment in time. It is about adapting to the current environment and innovating as you go along. This may require rapid pivots to build your position of trust and to continue to gain customer confidence. The COVID-19 pandemic has forced businesses to re-examine their product lines and distribution strategies to keep up with market demand. Each industry will face its own changes and challenges as the landscape shifts. Resilient businesses continuously analyze the market and proactively pivot to meet their customers' changing needs.

9. Adopt a culture of continuous innovation.

An organizational culture of continuous improvement is the key to a responsive and resilient supply chain. A culture of continuous improvement exists when process, system, service and product improvement is an ongoing and continuous activity. Assess and fine-tune your business continuity plan often. Test and update your strategy regularly, yearly at minimum, and any time critical processes, facilities, personnel or supply chain partners change.

BDC has developed some business continuity planning tools and templates to assist businesses with contingency planning. These [business continuity plan templates](http://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/business-continuity-guide-templates-entrepreneurs) are available online (www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/business-continuity-guide-templates-entrepreneurs).

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