

SUPPLY CHAIN (PART TWO)

Question: How does one establish that Suppliers have good Business Continuity (BC) capabilities that we can trust and rely on? What if the Suppliers in question here are amongst the millions of small businesses who have no time to effectively manage these capabilities and document them? We know that ultimately we have the final say when employing Suppliers and can threaten them with going elsewhere for our products and services to a Supplier who does take their BC risks seriously. But as individuals we may not have the power to do this alone, especially if the Supplier is the only one in their field, or has a monopoly in the manufacture of the product we want. In effect they might have the upper hand. All one can do is to appease them and continually negotiate with them. The moral of this of course is to establish with them at Contract negotiation stage their level of maturity in BC, because after the signatures it could be too late.

In a very prestigious Public Sector company, based in the UK, it had already been established that there was a weakness in the way the Suppliers were reporting their BC readiness. My task was to investigate by how far their capabilities were amiss and to negotiate with them a readiness culture that would be approved.

I asked one Supplier, who was located 10,000 miles away, to complete a questionnaire. However, this Supplier either didn't understand the request or chose to bypass it. Perhaps they thought they could just ignore it and concentrate on building the products, testing them and shipping them to meet the strict deadlines imposed by our customer. After all, what repercussions could possibly occur? This was when Murphy took over and this time he was on my side! With a phenomenal loss of 6,000 items the company decided it wasn't a waste of time at all to document their BC capabilities, in fact they even asked us if we could observe their exercises. Through some lengthy telephone conversations and a massive number of versions they (and us!) got our reward.

Another Supplier produced a certificate showing they were certified to BS25999-2, and this they proclaimed should be sufficient in demonstrating to us that matters on BC were being taken seriously and capabilities implemented and maintained. Although I agree with this sentiment, in theory, one still has to establish the intention with the Supplier on how they intend to invoke their service (or their product delivery), so that it dovetails with our own response and hence minimising the effects of a disruption. If they can't show you this, then scepticism is going to creep in. I mean what is their purpose but to prove resilience in their plans and ultimately that our own chain is secure. I advocated to our BC Steering Group that all Suppliers should be included in the vigorous exercise schedule and that they should be invited to take part in an exercise in six months time. Any actions recorded for improvement from the exercise must become a formal service level agreement (SLA) to ensure its completeness. Wow.....I got this agreed!

A third Supplier played lip service to the whole game! They produced a BC Plan that was not fully theirs (old icons from other companies slipped by their review process!). What they couldn't know was that I was going to review it! They too were over 10,000 miles away, so a few challenges!! They basically didn't care, but were able to get away with this attitude through inefficient governance and weak management.

Our Project Office, however, saved the day. They provided an escalation route to the Senior Management team and to the customer, (who was even more obsessive with BC!), and meeting our deadline. This prestigious customer was able to pull a few strings with the Supplier and eventually this led them to take the proper action.

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In my experience the BC manager must use any process to get their job done, legally. Through the many diverse processes in companies there will always be someone who can help. It's imperative to build relationships across the organisation and this is most easily started with the business impact analysis (BIA).