Business Continuity Planning: An Evolutionary SQF Code Element

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Agenda

- Background & Overview
- Evolution of Crisis Management in the Code
- Components of Effective BCP
- Successful Implementation
A Revised Code Element

Business Continuity Plan (BCP):

A logistical plan guiding an organization to recovery and restoration of critical functions within a predetermined time following an extended disruption (crisis/disaster)

Reference: adapted from Wikipedia, 2008
Planning Is Essential To Success

“By failing to prepare, you are preparing to fail”
Benjamin Franklin

“You got to be careful if you don't know where you're going, because you might not get there”
Yogi Berra
Case For Implementing BCP

- 40% of businesses closed by a disaster never reopen\(^1\)

90% of companies experiencing a catastrophic loss of data and equipment are likely out of business within two years\(^5\)

- Fire closes 44% of business affected\(^4\)

- Man-made events have become the primary threat to business continuity\(^2\)

Case For Implementing BCP (2)

- Poor cash flow (failure in product sales) - links to 80+% of business failures
- Poor management planning is linked to 78% of business failures
- American Management Association
  - 51% of organizations lack a crisis management plan
  - 59% don’t have written policies or procedures to deal with a crisis situation.
  - For companies that have a crisis plan, only about 50% have tested them

Planning is essential to understand and control risk

- Food Safety
- Food Defense
- Supply Chain Disruption

Audit Standards For Securing The Supply Chain Are Increasingly Common
Background & Overview

Recall / Market Withdrawal
Supply Chain Management

Crisis Planning

Post 911 – Infrastructure (Food Defense)

Emergency Preparedness Protocol

Business Continuity Plan

Common in 3rd party audits in the 80’s & 90’s

SQF 2000, 5th Ed., Pre-requisite

SQF 2000, 6th Ed. Element
Evolution Of BCP in the SQF Code

**Edition 5 - 2005**

4.3 Control of Production

4.3.1 Process Control

Level 1 – Food Safety Plan (Pre-requisites)

**Operations Function**

Dept. Level SOP

**Edition 6 - 2008**

4.1 Commitment

4.1.6 Bus. Cont. Planning

Level 2 (food safety threats)

Level 3 (general threats)

**Senior Management**

Strategic Objective
Outline of Code Requirements For The BCP Sub-Element

- BCP plan based upon known threats to the business shall be prepared by Senior Management and include:
  - Identify & initiate action required during a crisis
  - Establish a crisis team (include 24/7 contacts)
  - Ensure response plans don’t compromise food safety & quality: include isolation of affected product
  - Establish measures to verify safety of product before release
  - Establish measures to handle internal and external communications
  - Review & test plan annually
  - Maintain records of plan reviews
  - Product & withdrawal action to follow Sec. 4.6.3
Anatomy of an Effective BCP

- Assemble and train the BCP team
- Business Impact Analysis
- Assess and prioritize the risks
- Develop a control plan for each critical scenario
  - Recall or market withdrawal
  - Natural or man-made disaster
  - Loss of key infrastructure
  - Loss of key financial data
  - Etc.
- Rehearse The Plan
Business Impact Analysis

- An effective BCP must include an assessment of risks the team believes could threaten the business
  - Operational
  - “Front-office”

- The Codex HACCP Process can be used (Step 6 – Principle 1)

- Team brainstorms business threats – “3 buckets”
  - internal
  - external
  - environmental

- BIA results in “business function markers” and “trigger” event scenarios (Step 7 - Principle 2)
## The HACCP Process May Facilitate BCP

<table>
<thead>
<tr>
<th>HACCP Step</th>
<th>FS/Quality Plans</th>
<th>Business Continuity Plan</th>
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<tbody>
<tr>
<td>Prin. 1</td>
<td>Perform Risk Assessment</td>
<td>Business Impact Analysis</td>
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<tr>
<td>Prin. 2</td>
<td>Est. CCPs</td>
<td>ID and Prioritize Potential Adverse Events; Write Response Plan(s) with “Trigger” Event</td>
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<td>Prin. 3</td>
<td>Est. CCP Limits</td>
<td>Team establishes specific business activity markers foreshadowing a “trigger” event</td>
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<td>Prin. 4</td>
<td>Est. Monitor. Proc.</td>
<td>Track and document business markers</td>
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<td>Prin. 5</td>
<td>Est. Correct. Action</td>
<td>“Trigger” occurs – team activates response plan leading to restoration of control and assured product integrity</td>
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<td>Prin. 7</td>
<td>Record Keeping</td>
<td>Maintain observation records to facilitate root cause analysis</td>
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Dealing With The Unthinkable

Complete BIA; complete BCP with 1 or more response plans

Recall → Fire → Data Loss → Succession → Work Stoppage

Monitor Lead-up → Trigger Occurs → Plan Activates → Control Restored
Key Factors For Successful Implementation of a BCP

- #1 – Value of teamwork value cannot be overstated
- #2 – Senior Management Leadership is critical
- #3 – Perform An effective BIA
- #4 – Make certain the BIA addresses issues critical to you and your customers
- #5 – Plan Your Work Then Work Your Plan
  - Perform annual system-wide test; 2Xs/ year department level testing is recommended when trigger events are department specific
Common Standards For BCP

- **The British Standard On Continuity Management - BS 25999**
  - Accreditation by UKAS (United Kingdom Accreditation Service)
  - Certification
    - British Standards Institute (BSI)
    - Lloyd’s Register Quality Assurance (LRQA)


- **Standards Australia HB 292-2006** “Practitioners guide to business continuity management”

- **National Fire Protection Association – 1600**
  - Follows ANSI standards for program development
  - No certification recognized
Get Started!
Don’t end up like this guy!

“You have reached the Fire Department. If you’re reporting a smoke condition, press one. If you’re reporting an electrical fire, press two. If you’re...”

“THE BEST DEFENSE IS A GOOD OFFENSE”

JACK DEMPSEY
“THE MANASSA MAULER” (60/7/5)

Heavy Weight Boxing Champion, 1919 -1923
Successful business man and philanthropist

Jack’s trademark was a KO in 3 rounds or less against much larger opponents using speed and a ferocious attack.
Thank You For Your Attention
And
Good Luck Developing Your
Business Continuity Plan