

Business Continuity Planning for an Influenza Pandemic: A Case Study from an Engineering SME

Introduction

This case study is one of ten written as part of a study undertaken on *Business Continuity Planning for an Influenza Pandemic*, with the objective of raising awareness among business enterprises in Ireland of the need for business continuity planning (BCP) for the possible arrival of a 'flu pandemic in Ireland in the near future.

The case study is based on a real company, but is fictionalised in some respects. Key details, including the company's name, have been altered to protect its identity.

As this company, like many in Ireland, is only beginning to appreciate the need to plan for a 'flu pandemic, its plan is not yet complete. The case study reflects this continuing planning process.

Background

- Mulroy Engineering (Mulroy) has developed an innovative product for use on farms, which it assembles in its plant in rural Ireland.
- The product is assembled in Mulroy's plant, from pre-cut parts manufactured under contract by suppliers in UK and Eastern Europe.
- The product is currently sold in over 25 countries through a network of dealers. Technical and marketing support is provided by Mulroy's team of engineers and sales personnel. These are based in Ireland, but travel abroad on regularly to visit dealers and exhibit at trade shows. Irish and UK customers are supplied and supported directly by Mulroy.
- A recent innovation has been the development of an e-business system where dealers can access technical information and have visibility of, and can order, stocks of product and spares.
- With a number of customers located in regions affected by avian 'flu, and with a strong dependence on exports, Mulroy has been conscious for some time of the need to prepare for a 'flu pandemic as part of its business continuity planning process.
- A project team has been established, led by the Managing Director, to undertake the necessary planning.

1: Planning Activities

Planning involved the following steps:

1. The project team has developed a planning schedule with action steps and deadlines and responsibilities.
2. The project team has identified various sources of information e.g. Department of Health and Children, Health Service Executive, World Health Organisation, about the pandemic threat and impact, including Ireland's National Pandemic Influenza Plan, and has collected and disseminated this information among the team. Through its network of dealers and its suppliers, Mulroy has also collated information from those countries where it has customers.

3. A list of dealers, representing all aspects of the business was identified for consultation. A questionnaire was circulated to dealers to obtain information as a basis for an initial impact assessment.
4. Employee representatives were contacted and made aware of the issues. Their cooperation and involvement has been sought for the planning process.
5. Mulroy's suppliers, including suppliers of logistics services, have been contacted to request details of their business continuity plans in the event of a 'flu pandemic.
6. Based on the WHO 'Alert Framework' the project team identified trigger points to be included in the plan.

2: Issues to be Addressed

The project team identified critical activities within Mulroy's business, essential for business continuity. These included:

1. Pre-cut component supplies
2. Product Assembly
3. Dealer network continuity and support
4. Spares supplies
5. Logistics

The project team assessed the impact of these critical activities suffering 40% absences.

- Mulroy has 6 principal suppliers, all located outside Ireland. It also has a number of smaller suppliers of components and consumables, mostly within Ireland. Continuity of supplies is so critical to Mulroy that it was decided that Mulroy personnel should visit each of the main suppliers and involve them in the business continuity planning process. In relation to the smaller suppliers, Mulroy is in the process of identifying and quantifying the buffer stock levels required in to afford protection from disruption under various scenarios. A decision on stockpiling of the necessary supplies will be made on the basis of this analysis, and the suppliers concerned will be contacted.
- Mulroy's assembly process is organised in 5 teams of 4 operatives, each assembling a complete product. All operatives are multi-skilled and can handle any assembly task. This system affords Mulroy significant protection and flexibility. In the event of employee absences the number of teams will be reduced, and maintaining continuity of production.
- Mulroy's dealer network is essential, not just for the generation of sales, but also in providing technical support and supplying spares to customers. Here, Mulroy's e-business system will be invaluable in ensuring continuity. Dealers will continue to have access to information on deliveries, spares and technical support. As long as the dealers have put in place the continuity plans agreed with Mulroy, there should be minimum disruption to communications with dealers.
- The reliability of any engineering product is dependent on spares availability. Mulroy prides itself in its spares system. Spares stocks are listed, real time, on the company's extranet system. Dealers can order spares on-line, and they will be delivered by courier, next day where possible, and otherwise the following day. The potential weakness of the system in a 'flu pandemic situation is with the reliability of the logistics service providers.

- Being located in Ireland, and dependent for component supplies from abroad and on export markets for business, means Mulroy is particularly dependent on its third party logistics service providers. Mulroy has contacted each provider. All of them are aware of the threat posed, and, like Mulroy, are each engaged in the business continuity planning process for a 'flu pandemic. They have undertaken to contact Mulroy within the next month to review and agree appropriate business continuity plans.

Based on the information received to date and on the assumptions made, the project team is preparing financial impact statements for the business for review by the senior management team.

In relation to administrative employees, the project team has identified those tasks which could be managed from home e.g. administrative, finance and some IT work, and has identified the IT resources required to make this happen.

The team has analysed business related travel for the last year as a guide to action steps required. Most travel related to visits to dealers and to trade shows. It has been decided that, because the e-business system has proved effective, all sales calls would be suspended during the period of the pandemic. Videoconferencing has been evaluated and considered not necessary. In relation to trade shows, it is expected that these would be cancelled in the event of a pandemic. The project team will ask sales to check this, and also to confirm whether insurance cover protects Mulroy from committed costs in the event of cancellation.

The Finance Manager have been asked to develop a plan to manage day to day financial requirements. This plan will be submitted to the project team for review and inclusion in the overall plan.

3: Measures to Underpin Continuity

1. With appropriate medical advice, the project team has developed policies for returning to work after infection, and for those showing symptoms while at work.
2. It has also developed policies to facilitate working from home where this is appropriate, including expenses related to telephone.
3. A contingency plan for key employee replacement in event of illness has been prepared.
4. A emergency communications plan has been developed.
5. Mulroy's insurance company has been asked to review all policies and to advise on any necessary amendments to cater for a pandemic.

4: Response to Workplace Risk

1. Hygiene notices are being drafted for printing, using suggested wording drawn from various informed agencies.
2. Stocks of hand wash, towels, tissues and other necessary materials have been ordered.

Challenges of Planning for a 'Flu Pandemic

1. The process of business continuity planning for a business which is so dependent on outside agencies for essential supplies and logistics services in the event of a 'flu pandemic has been a major challenge.
2. Planning without creating unnecessary panic is another challenge.

Conclusion

Mulroy Engineering has built a successful business on the back of innovative and competent management. The company intends to apply the same approach to protecting the business from the risks that a 'flu pandemic might bring. Timely and comprehensive planning are the key activities in this approach.