BCP Status of the SMEs in APEC Region

APEC Expert Meeting @ Manila
March 12, 2013

Mitsubishi Corporation Insurance Co., Ltd.
Asian Disaster Reduction Center (ADRC)
Takahiro ONO
90% of businesses
50% of employees
Asia 39%
Europe 13%
Africa 19%
Oceania 5%
N.America 15%
S.America 9%

Number of Natural Disasters (1972-2011)

Source: The OFDA/CRED International Disaster Database – www.emdat.be

Land Area 40%
Population 40%
GDP 50%
Natural Disasters 70%

Asia Pacific Economic Cooperation
Background  2011-2012  APEC

Japan and USA co-hosted the "APEC Workshop on Private Sector Emergency Preparedness" August 1-3, 2011 in Sendai, Japan. Discussed the ways to raise awareness of and promote BCP by legal, market-oriented and social mechanisms among APEC economies.

1. Understand current situation of BCP of Private Sector in the region
2. Identify and clarify the bottlenecks and problems for the development and implementation of BCP
3. Gathering the information needed for future enhancement strategy to policy makers

http://publications.apec.org/publication-detail.php?pub_id=1234

APEC High Level Policy Dialogue on Disaster Resiliency     Honolulu, Hawaii November 11, 2011

Stated to promote and facilitate the use of BCPs, especially for SMEs, by appropriate means, including legal, market oriented and social measures.

Chinese Taipei proposed APEC Multi year Project from 2012 on “Improving Natural Disaster Resilience of APEC SMEs to facilitate Trade and Investment.”

Main objective is
  to understand the situation of SME in the region.
  to identify the threats and find possible solutions for SMEs and specific areas of ICT, Auto Parts and Logistics.
Additional Survey to SMEs
with Taiwan Institute of Economic Research

Q1-Q6 General Information
Q7-Q8 Potential Threats and Disaster Experiences
Q9-Q10 About their BCP
Q11-Q12 Reasons for BCP
Q13 Public supports
Q14 How to build BCP
Q15-Q16 Coordination with Suppliers
Q17 Difficulties of BCP development
Q18 Related Plans
Q19 Coordination with Community
Q20 Standards and Certification
Q21 Risk Control / Finance
Q22-Q23 Checking BCM
Q24 Difficulties of BCM review

◆ English Version

https://docs.google.com/spreadsheet/viewform?formkey=dFYzcTRTTUE2eENFZjJyeUlSUxyV0E6MQ

Framework of the Research
Result of 2011 Survey
Additional 2012 Survey
Case Studies
Survey Coverage

407 SMEs answered from 18 Economies

- SMEs: employee under 300

Year 2011: 145 responses from 17 economies
Year 2012: 262 responses from 13 economies
Total: 407 responses from 18 economies
### Potential Threats differ among Economies

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</table>
BCP Development Status

Q: Do you have a Business Continuity Plan?

- Yes, 51, 13%
- In progress, 34, 8%
- No, 129, 32%
- Don't know about BCP, 192, 47%

Q: Has your company ever been seriously disrupted by a disaster?

YES 24%

- Yes, 15, 15%
- In progress, 9.9%
- Don't know about BCP, 33, 34%
- No, 41, 42%

NO 76%

- Yes, 36, 12%
- In progress, 25, 8%
- Don't know about BCP, 159, 52%
- No, 88, 28%
Q: How did your company build a BCP?

- Refer to general guidelines published by central/local government: 26
- Refer to sector specific guidelines published by each industrial association: 18
- Refer to guidelines of BCP standards, e.g. BS25999, NFPA1600, etc.: 15
- Refer to text books: 12
- Advised from consultants: 23
Obstacles for Preparing a BCP

Q: What are the obstacles for building BCP or what was the reason for not building BCP?

- Management’s awareness is low: 48%
- Employee’s awareness is low: 45%
- Difficulties coordinating within the company: 24%
- Lack of information for building BCP: 59%
- Lack of human resources: 46%
- Lack of company BCP knowledge and expertise: 67%
- Lack of budget: 45%
- No need for written plan: 29%
Q: Which public support system has your company ever used?

- Funding support: 13
- Providing disaster information: 12
- Training support: 13
- Providing toolkit: 12
- Sending experts: 7
Key Suggestions from the Survey

◆ Raise public awareness of BCPs especially among SMEs and fill up the gap
  • Requirement (Legal, Stakeholder, Customer, Bank)
  • Government Campaign
  • Incentives

◆ Remove obstacles to BCP development
  • Guidebook / Guideline
  • Funding Support (Consultants, Structural Measures)
  • Train of Trainers

◆ Expand effective public support systems and resources available to SMEs
  • Maturity level of BCP diffusion

◆ Critical Points to be effective found from case studies
  • Regional Disruption
  • Supply chain Disruption
SMEs’ Role to avoid Regional Disruption

◆ **Ordinary Time**: Secure Employment and Support Local Economies for Regional Sustainability.

◆ **Disaster Emergency Time**: Become more Important
  ( Mitigate, Response, Recovery and Reconstruction )
  ✓ Response: Provide evacuation shelters and relief goods
  ✓ Recovery: Provide labor and services for the quick recovery of social functions
  ✓ Reconstruction: Secure employment and livelihoods of affected victims

Resilient and Sustainable Civil Society

The society need support from disaster-resilient SMEs.
To be a disaster resilient SMEs, public sector’s support is needed.
SMEs’ Role to avoid Supply Chain Disruption

- Strengthening cooperation with suppliers
- Automobile Manufacture Nissan had no direct damage from the flooding in Thailand, but a number of suppliers’ facilities were flooded and over 3,500 kinds of parts and materials became difficult to obtain.
- Following March 11, 2011, Nissan asked Tier1 suppliers to make BCP.

Hints for effective public support systems and resources available to SMEs

- Development of BCP 43% (Step 1-6)
- Manuals (stockpiles, safety confirmation system, retrofit) 71% (Step 5)
- Critical operations and priority for recovery 57% (Step 2)
- Recovery time objective (stock and lead time) 28% (Step 2,3)
- Risk financing 22% (Step 4)
- Damage estimate and assumption 57% (Step 3)
- Drills and trainings (not only inside organization) 52% (Step 6)
- Supply chain management / Business model recognition 32% (Step 1,4.5)
- Location reconsideration (domestic / overseas) 7% (Step 1,4)

http://www.tokiorisk.co.jp/cgi-bin/topics/page.cgi?no=667
# APEC BCM Booklet For SME - 10 Easy Steps

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>Step 1</td>
<td>Determine BCM purpose, scope, and team</td>
</tr>
<tr>
<td>Step 2</td>
<td>Prioritized Activities (PA) and Recovery Time Objectives (RTO)</td>
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<tr>
<td>Step 3</td>
<td>Key resources necessary for Prioritized Activities</td>
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<tr>
<td>Step 4</td>
<td>Risk assessment – Know your worst-case scenarios</td>
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<tr>
<td>Step 5</td>
<td>Do not forget pre-disaster protection and mitigation</td>
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<tr>
<td>Step 6</td>
<td>Emergency response</td>
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<tr>
<td>Step 7</td>
<td>BC strategies for early resumption</td>
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<tr>
<td>Step 8</td>
<td>Be financially prepared</td>
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<td>Step 9</td>
<td>Exercises make your plan functional</td>
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<tr>
<td>Step 10</td>
<td>PDCA cycle for continuous improvement</td>
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</table>
Summary

Regional

Industrial Sector

Supply chain

Thank you for your attention!