1. Introduction

In a town devastated by the Japanese tsunami last year, for instance, was a company that made a piece of the glass for mobile phone screens. Production was affected, causing a shortage and bottleneck worldwide.

That is why diversification of the supply chain has become the new order of things. A lot of people focused in past years on economies of scale, centralisation, but there's a hidden cost of exposure to it.

Always having a Plan B, C, D and so on is also crucial because it differentiates how flexibly and proactively you can react to changes.

While it is impossible to think of every exigency (nobody would have thought the earthquake in Japan would cause the tsunami that then affected the nuclear plant), if you have spent effort in understanding each step and process of the organisation, when it comes to something you've not planned for, at least the thinking process is there, and you'll be able to react quicker and better.

For a company like DHL, that is crucial. For instance, during the Thai floods, several roads were affected.

The way we move cargo and shipment, we couldn't use the same way of trucking or airport operations. We had to come up with different routes, schedules. For our customers, too, the production line rhythm was affected, so their output was different, their requirements were affected - it was all ad-hoc arrangements for a time.

During the volcanic ash situation in Iceland, all flights in Europe were grounded. Immediately plans were made to clear the bottle neck that would follow, with charters and additional capacity secured. Alternate gateways were introduced and central hubs of HKG and SHA had cargoes re-routed to Chengdu and Urumqi.
2. Planning Structure

A. Planning – Management Team

- DHL is committed to reducing the risk to staff and business continuity posed by any natural disaster.
- DHL will assign resources to planning activities to mitigate this risk as much as practical.

B. Plan Implementation Team – All

- An Implementation Team is formed. The Team comprises of Risk Manager and Representatives from various departments.

C. Development and Maintenance of a Planning and Implementation Team

- DHL has developed a detailed Preparedness Plan with “triggers” and “actions” based on the World Trade Organisation Phases. This is designed to incorporate the DHL system of alert levels, if appropriate, and will complement management/business continuity/disaster recovery plans.
A. Keeping Management Informed – CTMA & COMMS

- DHL have developed a plan that will guide contingency communications to management. The plan will specify the audiences, communication messages, methods of delivery, and frequency of communications and/or triggers.

B. Keeping Staff Informed - COMMS

- DHL will provide all employees, contractors, and families with preparedness communications, regardless of location or travel schedule. These communications will be tailored to the pandemic phase and the specific location, as appropriate which will be vetted, approved, and released by Corporate Communications prior to being implemented.

C. External Communications – COMMS

- DHL will use a designated spokesperson or department for all external communications regarding pandemic preparedness and disaster contingency plans.
4. Business Continuity

A. Plan to Compliment Other Business Continuity and HR Policies and Plans – Implementation Team, RM

- Pandemic response action plans developed by DHL are to be used in conjunction with existing Business Continuity Plan, Command and Control Plan, Human Resources Plan, Emergency Response Plan and other plans.

B. Risk Manager – Implementation Team

- Each DHL office/facility will identify a “Risk Manager”, who will be in the Human Resources or Operations departments. This is managed both at country and regional level.
5. Communication to Customers

A. Management of Communication

- DHL will follow processes to help to ensure the optimal management of communications to customers. Priority communications will be to those directly affected by any disaster occurrence and managed through DHL’s SAP CRM.

B. Ongoing Updates

- All DHL BUs will channel communication through the company e-messaging facility. This ensures a uniform and corporate message detailing the next steps or action points.

C. Customer Specific Impacting

- DHL account managers will follow up directly with their customer portfolio’s to highlight DHL’s contingency plan(s) and offer bespoke solutions.
6. Contingency Plan

- **What is the impact on the market?** Ensure customers are aware of the market issue and not exclusive to a single provider. Support with carrier press releases and highlight the current situation.

- **What are the options?** Alternative shipping modes available – seAir, RailAir etc. Move potential backlogs to alternative gateways.

- **What happens when normality resumes?** Bottle necks and back logs are expected. DHL’s contingency includes chartering aircraft and vessels to clear on a first in, first out basis.

- **Manage Expectation.** Lead times and uplift options will naturally be effected. Highlight insurance claims will be invalid due to ‘force majeure’.
THANK YOU