Industry Specific: Global Food Safety Initiative Standards

The need for formalized business continuity systems in the food industry has been driven by several Global Food Safety Initiative (GFSI) standards including the British Retail Consortium (BRC) and Safe Quality Food Initiative (SQFI). The requirements set out in these standards are generic as every organization is different and faces different issues in maintaining business continuity.

GFSI standards dictate requirements for organizations to set up BC Plans that logistically guide organizations to recovery and restoration of critical functions, within a predetermined time, following an extended disruption (crisis/disaster).

The building blocks of developing a relevant and effective BC plan include the following:

- Process driven by senior management
- Nomination and training of a BC management team (includes roles, responsibilities and interactions)
- Complete risk assessment of potential threats to the organization
- Development and implementation of an effective BC Management Plan that reduces the probability of incidents and action-based plans to respond to and recover from relevant crisis situations.
- Specific data and actions include:
  - Contact details for key personnel
  - Key resource providers details, including utilities
  - Details and contacts of relevant internal / external stakeholders and authorities
  - Sources of legal and expert advice
  - Supplier profiling and traceability
  - Prioritization of tasks during and post crisis
  - Assigning responsibility for internal and external communications
  - Provisions to test plan(s) on an annual basis

Non-sector specific: ISO 22301 Business Continuity Management

ISO 22301 helps organizations put business continuity plans in place to protect and help them recover from disruptive incidents. It also helps identify potential threats to businesses and to build the capacity to deal with unforeseen events. It protects businesses and their reputations and keeps them agile and resilient minimizing the impact of unexpected interruptions.

As with other BC standards, because of the level of resource required to properly implement effective business continuity, top management are required to develop and continually improve the BCMS, make resources and training must be made available and employees and stakeholders must understand the BCMS policy and their roles and responsibilities in relation to it.

Broken into 10 distinct clauses, the requirements of the standard lead organizations to:

- Consider the interested parties affected by the Business Continuity Management System (BCMS), their requirements and develop a communications plan that details incident-related actions
- Define acceptable timescales for the resumption of activities for the organization and its suppliers
- Test response plans via simulation (not paper-based exercises)
- Understand their role in the wider environment and supply chain to identify and effectively manage potential disruptions
- Evaluate the impact of potential disruptions
- Consider how risks will be handled
- Carry out regular risk assessments, including those affecting interested parties and the wider community

Key factors for the successful implementation of a BCP

Senior management commitment

- A top-down multidisciplinary team is imperative in order to develop a complete and beneficial plan. Further, the value of team work cannot be overstated.

Effective risk assessment to

- Address issues critical to the organization and its customers.
- Researching, understanding and prioritizing threats and vulnerabilities unique to your product, ingredients, processes and supply chain, is fundamental in identifying potential impacts that threaten an organization and provides a framework for building resilience and effective responses. Plan the work then work the plan.
- Proactive discovery of potential risk factors or compromising situations through a drill or exercise is vastly preferable to reactive management of a disaster is response to a customer complaint or media (social or otherwise) scandal.

The (uncertain) future

To say the food industry changes quickly is stating the obvious. Key drivers of change are the globalization of supply chains, increasing use of—and access to—various technologies/information and ever-changing consumer habits. Current areas of industry focus include:

- Personalized diet and nutrition programmes
- 'Pure', 'fair' and 'eco-friendly' product demand
- Increasing product demand in developing countries
- Time and energy reduction technologies
- Overseas domination of the grocery market
- Ascertaining the reliability, trustworthiness, ethics and values of existing and potential suppliers

The future of BCM in the industry is intrinsically tied to the evolution of these trends and the new ones that will overtake them in the months and years to come. While putting a stake in the ground and implementing BCM takes a significant amount of resource and commitment, training the right people to follow the right processes builds resilience. Food and drink producers, manufacturers, transporters and retailers already engaged in BCM will be better positioned to mitigate the potential risks to their operations while also protecting their customers, profitability and brand.

Organizations that prioritize other areas of the business may never regret their decision. They may never encounter supplier disruptions, weather-based disasters or unscrupulous suppliers. But, just like fire insurance, it's value isn't fully appreciated until there's a fire.

Fail to Prepare, Prepare to Fail

Business Continuity Management in the Food Industry

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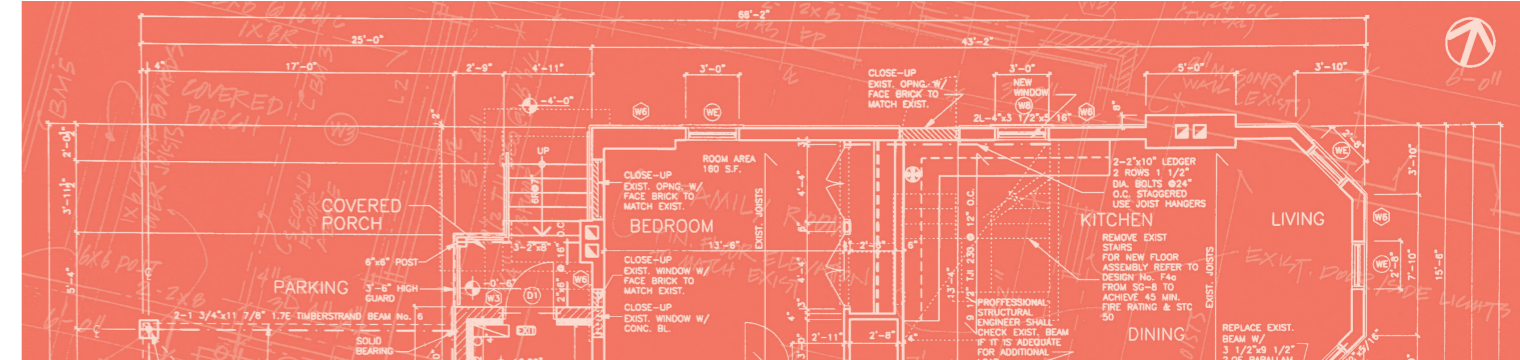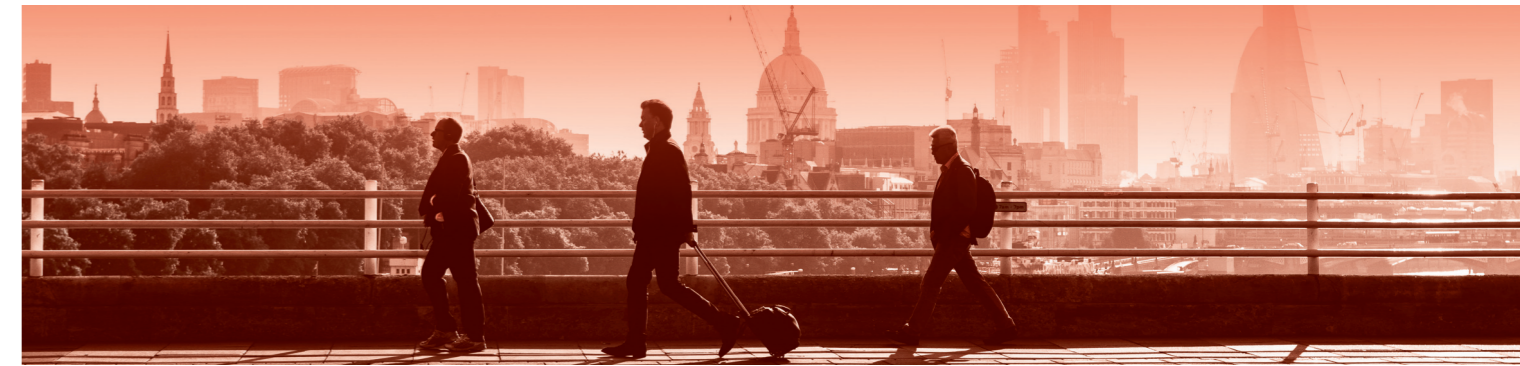
Business continuity (BC) systems exist to manage catastrophic events that can severely affect the ability of an organization to supply products/services to their customers. ISO 22301, the international standard for business continuity defines BC as the capability of an organization to continue delivery of products or services at acceptable predefined levels following a disruptive incident.

Businesses across all sectors and industries face many similar potential incidents or events including, but not limited to:

- significant workplace accidents
- negative media campaigns
- market upheavals
- power/fuel outage
- loss of IT/telecommunications infrastructure (connectivity, server crash, viruses)
- transport infrastructure issues
- supply chain breakdown/disruptions
- loss of employee base

Organizations in the food chain face additional, industry-specific issues and challenges that increase the complexity of business continuity management:

- Securing safe and alternative supply of raw materials and key ingredients from multiple suppliers
- Traceability in the event of reputational risk issues
- Food fraud incidences in the supply chain
- Managing the press and social media after serious events (product recalls, on-site accidents, environmental incidents)

Consumer trust and loyalty that can take years to build can be lost quickly when events of this nature occur. And a large proportion of businesses closed by such an event are unlikely to re-open. As an example, approximately 90% of companies experiencing a catastrophic loss of data and equipment are likely to go out of business within two years.[1]

1. Jacobs and Weiner, The CPA Journal (on-line), 2008.

2. Peck, H Dr. 2006. Resilience in the Food Chain: A Study of Business Continuity Management in the Food And Drink Industry. DEFRA Report, Cranfield University, Shrivenham.

In this fast-moving world, where information is transferred with the click of a finger and is more readily accessible, manmade events have become the primary threat to business continuity. New issues and threats are emerging which can have a severe effect on the food industry, including food fraud, complex supply chain management and global terrorism. And, both manmade and natural disasters may not necessarily have to occur at an organization's location to have catastrophic impact.

Current state of BC management in the food and drink industry

Business continuity is both a rising discipline and growing concern within the food and drink industry. BC Management (BCM) is still a relatively new concept for most organizations within the food industry with few companies having moved beyond reactive crisis management to a proactive or preventative approach. Resource constraints (money and manpower) and lack of expertise are slowing BCM implementation. Companies are reluctant to prioritize investments in costly preventative or redundancy measures within their operations to manage 'what if' scenarios over know business issues.

The emphasis of BCM changes amongst sectors, reflecting the core activities and commercial concerns of each.

- Larger retailers are inherently resilient because few of their assets are mission critical. Their networks can withstand the loss of any one store and any one product supplier without significant disruption to operations. Their distribution centres, head offices and service suppliers are more likely to create single or significant points of failure. However, the retailers' principal asset and concern is their brand reputation. For all other eventualities (barring fuel shortages), the

- retailers look to their suppliers to provide cover as their first option contingency, expecting their suppliers to hold redundant capacity/capability and provide the logistical flexibility to meet exceptional circumstances. In the case of fuel shortages the position is reversed.
- Small retailers have amicable relationships with their wholesalers and look to them for supply chain continuity.
- Logistics service companies are engaged in BCM on an ad hoc basis, depending on whether their clients are willing to pay extra for continuity planning. Their critical assets are skilled employees.
- Food processors and packagers are in a more precarious position. Their efforts centre around protection of key assets because their operations are dependent on a few capital-intensive facilities. Some made no distinction between everyday operations, risk management and BCM. Manufacturers tend to rely on their ability to 'flex' production between sites as their main form of contingency. However, most conceded that the redundant capacity that provides the basis of this strategy is being steadily eroded by the pressure to reduce costs and optimize asset utilisation. Sites are being closed, consolidated and moved off-shore, at which point the risk profiles for their operations change; the principal dependencies switch from manufacturing sites to transport, communications and the supporting infrastructure[2].

Many organizations engage BCM out of enlightened commercial self-interest. Best practice BCM encourages them to take action to maintain the mission critical activities and assets of their organizations, under an expectation of otherwise normal external circumstances. They see the purpose of BCM as protecting the well-being of customers, employees and shareholders.

Business continuity standards and compliance

The management of BC falls largely within the spectrum of quality and risk management with some crossover into related fields such as governance, information security and compliance. Risk management is an important tool for business continuity as it provides a structured way to identify potential sources of business disruption and assess their probability and harm. All business functions, operations, supplies, systems, relationships etc. that are critical to achieve the organization's operational objectives are analyzed and included in the business continuity plan (BCP). Business impact analysis is the generally accepted risk management term for the process of determining the relative importance or criticality of these elements In turn it drives the priorities, planning, preparations and other BC management activities.

One important way to achieve business continuity is the use of international standards. These standards ensure that proven methods and concepts for BC are used. However, in addition to meeting the requirements of standards a business continuity plan should also include additional activities:

- identifying relevant potential disasters
- developing evacuation programmes
- procuring spare machines and servers
- performing data backups and arranging off-site storage
- provisions for running the business remotely
- assigning responsibilities for specific activities
- performing drills
- educating employees
- improving vigilance across an organization

As these tasks likely require both human and financial resource, a commitment by senior management to make business continuity as a top priority and assign people to work on it remains the most important step in establishing BC.

Why BSI?

We believe the world should be supplied quality food that is both safe and sustainable. We're a leading food safety certification provider with extensive auditing for a wide range of food safety standards across the entire food and beverage supply chain – including Global Food Safety Initiativerecognized standards.

Our services for the food sector include certification, training, assessment and supply chain solutions. Combined, they can help assure your customers and make your organization more resilient by enabling you to manage the risks and opportunities associated with your products, processes, people and respective supply chains.

With over 2,800 food and agri-food standards in our portfolio, we are well positioned to support the industry and the challenges faced by the supply chain including food safety, food security, sustainability, land usage, energy, water and corporate social responsibility issues.

Our products and services

Knowledge

The core of our business centres on the knowledge that we create and impart to our clients.
In the standards arena we continue to build our reputation as an expert body, bringing together experts from industry to shape standards at local, regional and international levels.
In fact, BSI originally created eight of the world's top 10 management system standards.

Assurance

Independent assessment of the conformity of a process or product to a particular standard ensures that our clients perform to a high level of excellence. We train our clients in world-class implementation and auditing techniques to ensure they maximize the benefits of standards.

Compliance

To experience real, long-term benefits, our clients need to ensure ongoing compliance to a regulation, market need or standard so that it becomes an embedded habit. We provide a range of services and differentiated management tools which help facilitate this process.

For more information on improving your organization's business continuity practices, visit **bsigroup.sg** or email **info.sg@bsigroup.com**

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