

Case Study 10: Business Continuity

Jordan Ell
V00660306

March 25, 2013

1 OUTLINE

This case study is centered around the hypothetical Fast Grow Farms business (FGF). This business operate a fish farm with key points of operation being distribution to Vancouver Island and mainland BC as well as service imports from Sayward on Vancouver Island and Fraser Valley on the interior of BC. This case study will attempt to create and design a business continuity plan to ensure that FGF can undure even the largest of crises it may face during its operation.

This case study is laid out into the following section. Initiation will determin the scope, objects and assumptions for the business analysis, strategy development and continuity place. The Functional requirements will determin what is critical for recovering from a disaster as well as identify potential threats and could harm the farm. The functional requirements will also preform business impact analysis and threat assessment. Finally, the business continuity plan will be described in bried on the whole of the project.

2 INITIATION

The main continuity problem attempting to be addresses by this case study is that of continued business of FGF even during the worst disaster or crisis. Here, the continued business of FGF will be the ability to maintain live stock and the selling of these live stock assessts. The scope of the business plan should be the center of the FGF operations, being the actual fish farm itself and the import export routes of any type of produce.

These types of imports and exports will mainly be the trucking routes, trucks themselves and drivers which are responsible for bringing in product and well as exporting product to market. These types of products will be the import of the fish feed from Sayward and the export of the actual fish once they have been grown on the farm. This continuity plan will not cover incidents regarding suppliers base of operations such as an individual fish feed supplier in Sayward, but should cover alternatives for seperate suppliers given that the disaster my come from a supplier. Finally, this continuity plan should cover reasonable responses to natural disaster among trading routed or the FGF base of operations.

The assumptions being made for this case study are two fold. We are assuming that the Sayward fish feed importer is the sole importer to the FGF business. This helps narrow the scope in terms of importer continuity and the levels of importance places on each importer for the FGF business. Secondly, we are assuming that FGF exports all of its fish products to only two distributions centers, one on Vancouver Island and one on the interior of BC. This also narrows the scope for and continuity involving the export of product. Finally, and this goes without saying, we assume that FGF own only one fish farm in its business so that the continuity is in regards to the single farm as opposed to being spread accross multiple locations.

Memebers of the Business Continuity Steering Committee will be as follows. The chief financial officer needs to be aboard for any fiscal potential damage that may come to the company incase of a lsoe in continuity. The head of technology being IT or otherwise should also be there as any sales and marketing technology used will be heavily involved in continuity. Finally, adding a third party person who speacilizes in risk management and threat assessment will join the team as someone who can lead the discussions of where protential continuity problems may arise in the FGF business.

I would have the chief financial office make the presentation to the executive. Having a c-level executive make a presentation really ephasises the business strategy in the decision to have a business continuity plan. This corprate level buy-in is a critical success factor towards the business continuity plan.

3 FUNCTIONAL REQUIREMENTS

Above all assest in the FGF business, I believe that the most critical assest to the company are the live fish that are currently being farmed. Without the live fish, no product can be sold and no selling results in no buying of feed or more fish eggs. This being said, feed is second to live stock life as it maintains their life. This being said, we can move forward to potential steps to recover from a disaster.

The number one step should be to assure life of the live stock is maintained. We will analysis this step by posing two possible scenarios to form a disaster. The first scenario which is potentially the most likely is a loss of power to the farm. There should be

preemptive steps taken to assure that a loss of power does not disrupt automatic systems such as feeders, lights or heating that may take place. Backup generators should be installed and have sufficient power to last the length of a typical power black out as seen on Vancouver Island. If a blackout lasts longer than the generators can last, the following steps should be taken to ensure continuity through the safety of live stock. Procedures should be in place to ensure feeding is done manually when necessary. The farm should be in such a place where any loss of heat will not become a factor until a very large time span has occurred. Finally, the business aspects of FGF should not become jeopardized because of loss of power. This means that any IT infrastructure should have backup plans. These plans can be that of hosting the server from a dedicated hosting company which ensures no power loss or having cell phones as backup phones for the company to ensure customers and suppliers can still be reached to inform of any prolonged situation.

A second possible scenario could be extreme weather forecasts which threaten the lives of the fish as they are contained in a facility. Continuity measures such as having an indoor facility could compensate this but seem to be extremely costly towards the company. A much more appealing solution to this potential disaster is to have separate farms in different locations to ensure that if disaster strikes one farm, another may be left unharmed. This will ensure that business continues during a disaster as some of the product will be saved and profits can still be made.

3.1 BUSINESS IMPACT ANALYSIS

Three high level business functions are as follows. The importing of fish feed. This involves both account payments and asset recoverments. An owner of this function may be the accounting team as they will be responsible for correctly managing how much fish feed is bought given the amount of fish the company is raising and what the budget will allow. Two key attributes of this function are the import services such as trucks and drivers and the fish feed company itself as a supplier to FGF. The farm's live stock is dependant on this function. Without the import of feed, the fish have no way to eat and grow thus this function is the start of revenue. The RTO of this function is less than a month. This is assuming that enough fish feed is brought at any given time to last at least a month. This function is recovered either by switching fish feed suppliers or by hiring new trucks for import delivery.

The exporting of fish product to distribution centers. Again this involves account receivable and ledger reporting while it will also have potential effects on payroll depending on the size of the company. This will likely involve the marketing and sales teams as they will be responsible for the unloading of product in order to keep profits and revenue streams high. Two key attributes of this function are the export services such as trucks and drivers and the distribution export buyers themselves. The revenue streams of FGF are solely dependant of this function and the company would cease to exist without it. The RTO of this function is hard to know precisely but it would be whatever the life

cycle of the fish farm would be. If a distribution center stopped buying product, a new one would have to be found by the end of the fish life cycle or a risk of products loss and revenue loss would be likely. This function is recovered by having new distribution centers or new truck drivers is the delivery system begins to fail.

Thirdly, We have live stock maintenance which involves the health and safety of the live stock being raised to be sold. The owners of this function would be the farmers themselves. The farmers are responsible for the growth and health of the fish being raised. The two key attributes of this function are, obviously, the fish but also the employees in charge of the fish. The entire company is dependant on this function. Without the fish, the company would not exist. The RTO of this function in case of loss of fish would be one fish life cycle. Having a single missed revenue of fish export may not be a large loss, but two would be devastating. The RTO of employees would be a week to a month. Employees should be replaceable in case of disaster within this time. Human resources may be needed to recover from this or outside consulting to help with the breeding of fish if the process ever endures a disaster.

3.2 THREAT ASSESSMENT

For this threat assessment I will analyze the function of the importing of fish feed from the Sayward supplier. Five potential risks of this function are as follows:

1. The supplier goes out of business. Hopefully this risk will not occur, or if it does then FGF will have had ample time to prepare to transfer the importing of feed to another company.
2. A delivery truck does not make it to the destination. This is a very real possibility as Vancouver Island can be treacherous for driving large trucks on.
3. The supplier has a shortage of feed and cannot deliver the promised amount. A very real possibility if the supplier has quick growth in customers or other problems generating feed.
4. The delivery service goes out of business. Hauling companies are constantly changing hands and this may need to be dealt with.
5. The fish feed delivered has been tainted. A delivery may be contaminated and not be usable on the farm.

The following list gives the threat rating to the matching threat listed above.

1. Likelihood: Low, Impact: Medium, Threat Medium (The consequences are that a new supplier must be found in time for the next delivery of feed. Failure to do so may cause loss of live stock and profit.)

2. Likelihood: Medium, Impact: High, Threat High (The consequences are of food shortages for a small amount of time. Failure of delivery may cause minor casualties to the live stock.)
3. Likelihood: Medium, Impact: Medium, Threat Medium (The consequences are a loss of feed for fish which may lead to death in fish depending on the shortage of the supply.)
4. Likelihood: Low, Impact: Low, Threat Low (The consequences are having no delivery from the supplier. This will have very large potential casualties if a new delivery service is not found before the next feed purchase)
5. Likelihood: Low, Impact: High, Threat High (The consequences are a loss of spent revenue in the feed and potential loss of fish life from those fed the contaminet and death of those not fed all together.)

4 BUSINESS CONTINUITY

The business functions that need to be recovered within a 72 hours time window (from those listed) are the importing of fish feed and the growth and health of the fish being farmed. The threats of the delivery service or supplier service of fish feed going out of business would cause an issues for the importing of fish feed as well as the failed delivery of fish feed. The threat of fish feed contaminant is a serious threat towards the health and growth of the fish live stock and would be a major problem for this critical function.

I will select the highest planning priority of being the health and growth of the fish live stock on the farm. For facility threats, as it was already mentioned, the building of the fish farm with thought is paramount. In loss of power, generators and manual procedures for feeding will need to be in place. These recovery strategies also apply to infrastructure of the fish. Be sure that not all eggs are in one basket, meaning place fish in different infrastructural locations to ensure disaster does not strike all live stock at once. For personnel, make sure that employees can be replaces through HR when needed and that experts can be brought in when needed to assist in any fish farming issues that may arise leading to harming the live stock.

Decisions made are as follows. Have power generators at the fish farms. Have manual processes in place in case of automation failure (the opposite of Jurassic Park). Have hiring process and eomplyee turnover processes in place with training. Have potential experts in fish farming on consulting teams to help with any potential live stock disasters.