



"Only a question of time - Business Continuity in the Chemical Industry"

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Swift response and minimum disruption are a key stone to good Business Continuity. No company or organisations wishes to see its profitability harmed, markets lost or client relationships damaged. The faster a "normal" service can be re-established the better for all concerned.

Business Continuity Management is defined within PAS 56¹ as the "holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience...". Many of these threats relate directly to the assets, personnel, strategy and organisational exposure of the company.

In the chemical industry recent years have seen a rapid expansion in the network of supply chains and infrastructure. The single fully integrated site under one company's ownership is a historic legacy, today the industry is characterised by smaller more entrepreneurial concerns who respond to changing market conditions. This business model which delivers flexibility can lead to a greater exposure to business disruption.

A well managed Business Continuity model provides a systematic strategy for risk management addressing internal and external impacts which can threaten "loss to that organisation".

Such threats could be influenced by electronic connectivity and the resulting impact on market/sales activities or logistics, other issues could include operational disruptions through component failures, loss of key staff or infrastructure failures. There are too many to list here and not all will apply to every organisation. Each will have its own risk profiles and response strategy, in regions such as the North East where close cooperation is delivering benefits, perhaps a common understanding of exposure and business continuity principles could benefit the industry as a whole.

There are many examples of infrastructure failures which have resulted in widespread disruption. In these instances companies which had good business continuity arrangements were far more successful in minimising losses and re-establishing control than their competitors.

In 1998 the Longford gas explosion disrupted gas supplies to the Australian state of Victoria; impacting local industry within the state and resulting in closure of factories and major disruption to business and government services. The impacts however were not just felt within Victoria, the supply chain disruption lead to closures of manufacturing across Australia, it interrupted not only natural gas but ethane and heavy gas oil supplies to the petrochemical industry. In turn the supply of ethylene and styrene monomers was

¹ British Standards Institute PAS 56 Business Continuity Management March 2003

disrupted. This chain reaction disrupted both the chemical and manufacturing industry and lead to significant changes in the market.

It is not a question of how fast a company can re-establish supply but how the company and the supply chain can manage the impacts. Business Continuity should be addressed by each individual company and ideally cascaded through the supply and infrastructure providers. It should also extend beyond the operational environment into the wider business sector.

One of the strengths of the chemicals sector is the integration of companies from bulk chemicals through to specialist production. Such a statement hides multiple symbiotic relationships, covering the supply chain in the widest sense. Adopting common approaches through initiatives such as PAS 56 offers a means to strengthen the linkages and reduce individual and sector exposure.

Close cooperation within the industry and the benefits which can be gained are regularly demonstrated by the P&S Cluster. Could these strengths turn into a weakness if Business Continuity issues are not recognised and correctly managed; is it a case of all for one and one for all?

Just to illustrate it is not just an Australian problem; in March 2004 a blaze broke out in a tunnel carrying telecoms cables between Manchester and Salford. A spokesman said: "It is not a huge fire but it is in a very difficult place to reach. It seems that there has been some sort of electrical problem that has affected the cabling". The fire knocked out 130,000 phone lines across the North West. Landlines across the region and calls to the emergency services were affected as the blaze burned through a central part of the regional network.

The impact was felt across the country as BT re-routed calls away from the damaged part of the network. Several call centres were shut down as they were unable to make or receive inbound or outbound calls. The incident cost businesses in central Manchester alone an estimated £4.5m a day, with thousands of phone lines still out of action nearly a week after the event.

LINK Associates International undertake independent assessments of business continuity systems, offer advice on developing and integrating cost effective systems and have a great line in testing response arrangements. For more information contact call us on 01332 222299 or email david.evans@linkassociates.com