

Business resiliency in uncertain times

Technical Capabilities from Liberty Mutual Insurance

Highlights:

- Extended disruptions and delays can put your business resiliency at serious risk
- Supply chain resources and contingent recovery methods can help in areas of vulnerability

Unforeseen disasters have been called “the great equalizers.” However, for all types of businesses, there is a common thread: those who plan and anticipate different ways of doing things will be in a better position to recover.

Below are some insights into key areas to explore. Using these steps to prepare your business will increase the odds that you’ll continue to thrive for years to come.

Remote workforce

Situations may demand that employees work remotely, depending on the nature of the crisis.

Consider increased security risk from an electronic-based workforce:

- Use only secured VPN systems for cell phones used on company business. This includes PCs and phones that may be used as “mobile hotspots” to access servers. Phishing attacks can be an increased source of infiltration from online predators posing as legitimate public health, emergency news, or public safety sources.
- Assure that all those new to isolated settings have daily contact with supervisors. This may be a new world for many who are undergoing substantial stress to fulfill new expectations. Stay in close communication with all affected workers.

Supply chain commitments

When your supply chain has been disrupted, consider the following to help mitigate the impact:

- Clarify your obligations and expectations with customers and outsourced services. Contact the providers in your supply chain network whose services may be disrupted.
- Review all existing contracts and agreements for services critical to sustained operations.
- Use legal counsel to assess your rights and options in the event of unforeseen events if one party fails to fulfill their obligations. Be sure to consider the impact of any force majeure clauses in your contracts.
- Seek counsel from your insurance broker to verify insurance provisions in place for existing providers and suppliers. Where possible, clarify any risk transfer capabilities in both current and replacement supply chain players.
- Focus on the ripple effect of delayed shipments to customers, especially when you may be unable to fulfill obligations for the time your suppliers are down.
- Look to the secondary suppliers currently available of equal or better quality. Beware that this may require new contracts or special negotiations.
- Verify where you can procure necessary (short and longer term) inventory of materials and supplies (including critical equipment). Distinguish critical priority vs eventual needs to isolate where vital customer needs can be met.
- Consider securing a specialized workforce in highly skilled positions where critical products or services must be completed as a priority to fulfill contractual demands.
- Validate what specialized customer items, such as specialty machines or equipment, dies/molds, intellectual property, high-demand products, etc. are needed to fulfill contracts and maintain customer base.

Building and occupant protection

Various perils will have differing demands, but preserving your people and property is a focal point to a sustainable business continuity plan.

Consider the following:

- Secure all building entry access points to help prevent contaminants and unauthorized entry (perimeter doors, windows, intake exhaust vents or shafts).
- Ensure outsourced service providers produce special security verification when they have access to your premises.
- Thoroughly inspect all incoming shipments. Check for broken or missing cargo seals. Verify security of cargo bays has not been compromised.
- Verify that means of egress used to reach a safe area of refuge are well-lit and unobstructed.

This is a dynamic process; it should be constantly evolving with periodic changes as new information is available and new forms of disaster may confront your business. Re-adjustments are inevitable: modify your plan to stay current.

Additional resources available from Liberty Mutual SafetyNet™

PE 1054: *Disaster Recovery and Business Continuity Plans*

RC5349: *Contractual Liability*

RC 5540: *Crisis impact and liability exposure assessment*



Looking for more comprehensive safety information? As a policyholder, you have exclusive access to risk control tools and resources through Liberty Mutual SafetyNet™ – visit lmi.co/safetynet

For more information, contact your local service director or the Risk Control Consulting Center. Email anytime – RCConsultingCenter@LibertyMutual.com – or call 1-866-757-7324, Monday – Friday, 9 a.m. to 7 p.m. eastern.