



theUriahgroup

A Food Security Primer: Risk to Recovery

A Six-Part Series

Part 3: Risk Management—Working for the Best, While Planning for the Worst

“Project risk management includes the processes concerned with identifying, analyzing, and responding to project risk. It includes maximizing the results of positive events and minimizing the consequences of adverse events.¹”

Risk Planning

In the hindsight and clarity of a catastrophic event, having a current risk management plan is always a good thing. It could save lives and the business. The reluctance to spend the resources and time to develop the plan is understandable given the chaotic daily operating tempo of our business. Yet, with the expansion of the terrorist threat and the potential impact of intentional contamination of our food supply, a risk management plan is a vital and necessary business requirement. In *Critical Incident Protocol – A Public and Private Partnership*, published by Michigan State University, the following business case is made for development of emergency (risk) planning:

- Most businesses do not have an emergency or recovery plan even though they know it is important.
- 47% of businesses that experience a fire or major theft go out of business within two years.
- 44% of companies that lose records in a disaster never resume business.
- 93% of companies that experience a significant data loss are out of business within five years.
- The majority of businesses spend less than 3% of their total budget on business recovery planning.

Planning is critical. It's too late to put together the plan after the fact, although if we could do so the lessons learned would ensure a comprehensive and effective plan. There is a way to develop most of these lessons learned without waiting for an event to occur. With our Food Security Tabletop Exercise (TTX), we have been able to simulate the event, stress the business and government partnership, and stimulate productive discussion among participants, resulting in a fairly expansive list of lessons learned.

Food Security Tabletop Exercise

One of the unique features of the Uriah Group Food Security Tabletop Exercise is that we require no advanced training of the participants. ***We, in fact, discourage it.*** We want the players to show up as they would on a normal day of work, sit at their table with other members of their community (industry, federal, state, and local), and react to the video and scenario as they would react given that the situation

1. Duncan, William R., & PMI Standards Committee. *A Guide to the Project Management Body of Knowledge*. Newton Square, PA: PMI, 2002.

happened today. All they bring to the party is their skills and knowledge of their organization's procedures. What happens is intriguing and will be the subject of the remaining three articles in this series.

Generally, the outcome of the TTX is a participant-derived risk assessment. Because the results are the outcome of their own work, the participants have ownership and the improvements are more easily addressed as a team. In our last article we discussed the overall risk management model. Risk planning is what provides a catalyst from the assessment of your organization to the engagement of your team to prepare.

The Risk Management Planning Process and Its Application

There are four steps in the risk management planning process:

1. **Mitigation.** Once you have identified the risk, how can you eliminate or minimize the impact of the risk should it occur?
2. **Preparedness.** Let's get ready. Training, documentation of procedures, company newsletters all provide the preparation for the event and lessen the impact.
3. **Response.** Planning for the response involves timing for initiation of action, procedures, and notifications.
4. **Recovery.** Functional planning for the impacts on communications, operations, and finances are the capstone of the risk management planning process.

Listed below are eight factors that need to be addressed in any risk management plan, with examples for each from the food industry:

- A. **Human.** The risk of intentional contamination by a worker, competitor, or "evil-doer" is substantial, but the potential impact on our customers, the general public, and our employees also needs to be at the forefront of any plan.
 1. **Mitigation.** Tamper-proof packaging, surveillance
 2. **Preparedness.** Awareness training, exercise of plans
 3. **Response.** Call lists, procedural checklists
 4. **Recovery.** Message development, counseling for employees
- B. **Operations.** Are there work-around processes for each functional element of the business?
 1. **Mitigation:** Procedures for backups, transfer of authority
 2. **Preparedness:** Awareness training, exercise of plans
 3. **Response:** Procedural checklists, backup systems
 4. **Recovery:** Alternate facilities, suppliers, transport
- C. **Financial.** How long can you operate without a source of funding? Is your insurance adequate for liability and business continuation? Do you have lines of credit in place to stabilize the business in the aftermath of an event?
 1. **Mitigation.** Lines of credit, insurance, financial stability, agreements leveraging assets
 2. **Preparedness.** Awareness training, exercises
 3. **Response.** Procedural checklists, backup systems
 4. **Recovery.** Alternate sources of financial support, possible government assistance
- D. **Facilities.** What are the vulnerabilities of your facilities? Do you have alternate contingency sites capable of operating the business?
 1. **Mitigation.** Surveillance and security enhancements
 2. **Preparedness.** Awareness training, security exercises
 3. **Response.** Procedural checklists
 4. **Recovery.** Procedural checklists for reconstitution and all clear

- E. **Communications:** What are your communications plans with the media? Governing agencies? Your employees? Your customers? The public? Your financiers? Other stakeholders?
1. Mitigation. Preparation of media plans and messages, communication plans
 2. Preparedness. Awareness training and exercises
 3. Response. Procedural checklists
 4. Recovery. Media and HR team coordination with government counterparts
- F. **Transportation:** Is your distribution secure? Do you have alternate sources of transportation in the aftermath of an event?
1. Mitigation. Delivery records, alternate sources of transportation
 2. Preparedness. Inspections, awareness training and exercises
 3. Response. Support for investigative process
 4. Recovery. Reinforcement of inspection procedures
- G. **Incident Management.** Do you have an established Crisis Management Team that is trained and prepared to respond to an event? Have interfaces been established with the community partners in industry and government to ensure effectively and timely support following an event? Do you train together? Are procedures documented?
1. Mitigation. Procedures for all threat levels
 2. Preparedness. Awareness training and exercises
 3. Response. Support for investigative process
 4. Recovery. Support for employees, assurances to public
- H. **Business Partners.** Are your suppliers part of your planning? Is the community emergency response team an active part of your planning?
1. Mitigation. Scheduled deliveries, knowledge of suppliers' procedures
 2. Preparedness. Awareness training and exercises
 3. Response. Sharing information at all levels
 4. Recovery. Assurances of security of food supply

In our personal lives, we may save for a rainy day, or diversify our portfolios to mitigate the risk of a downturn, or buy insurance for the eventuality of problem. Accordingly, risk planning is not only a part of our business planning but also part of the cost of doing business successfully.

One of the oldest stories of risk management in western society is found in the Old Testament. Joseph in Egypt is a great example of a risk manager. He convinces the Pharaoh to prepare for a seven-year famine by storing grain rather than accumulating wealth from its sale. When the famine concurs, the rest of the world is beating their path to Joseph's door to trade. Not only did this shrewd risk planning prevent starvation in the Kingdom, but also provided a source of enormous wealth to the Pharaoh.

Next month we will delve in to the lessons learned from our TTX in the area of Prevention. ■

Gordon Meriwether and Rita Goodell are principals with the The Uriah Group, a veteran-owned small business located in Falls Church, VA, dedicated to delivering effective, real-world solutions for emergency response. We provide management, technical, and training consulting services to our clients, ensuring their customers, employees, and community have a secure environment in which to work, eat, rest, shop and play. You can contact the writers are gmeriwether@uriahgroup.com and rgoodell@uriahgroup.com.

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