Area Business Continuity Management

Scalable Cross Sector Coordination Framework of Disaster Management for Business Continuity

Japan International Cooperation Agency
Why the “Area BCM” initiative?

Intensifying Disaster
Increasing economic loss
Globalizing Impacts
Importance of Local Economy
Private sector’s role highlighted

Source: large photo: AFP PHOTO / Pornchai KITTIWONGSAKUL (Photo credit should read PORNCHAI KITTIWONGSAKUL/AFP/Getty Images), Small photo: AP Photo/Apichart Weerawong, Chart: Global economic loss of disaster by EMDAT
Why the “Area BCM” initiative?

BCMS is standardized as ISO22301 and disseminated in many business enterprises around the world. In Great East Japan Earthquake, however, the efficacy of prearranged Business Continuity Plans (BCP) in private enterprises becomes insufficient due to disruption of common resources such as energy, water, transportation and communications.

Lessons from catastrophes
Limited function of single BCM
New concept is required

Source: photo: ChiefHira, Internet, 7 June 2011  chart: H Baba, 2014
Why the “Area BCM” initiative?

The area-wide Business Continuity Requires:

Probabilistic Analysis of Risks and Impacts,
Management of Critical External Resources*,
area-wide Scalability of Management, and
Private Public Coordination.

Contrary to Internal resources, such as company’s buildings, facilities, parts and raw materials, the External resources*, such as energy, water and transportation infrastructures, are managed normally by public sector and not controllable by private enterprises. The external resources are also distributed not only for business purposes but also for securing community life. Therefore, in case of emergency that imposes limited allocation of those resource, collaborative efforts are required between the private sector, public sector and the local community to maintain the critical external resources.

What is “Area BCM”?

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What is “Area BCM”? 

Risk and Impact Analysis

Identify Predominant Hazard

Hazard Simulation

Risk Assessment

Disaster Scenario

Understanding Risks and Impacts

Monitoring & Improving System

Sharing Area BCM Strategy

Business Impact Analysis

Current measures by public sectors and private enterprises

Vulnerability of Infrastructure, utilities and the area
What is “Area BCM”?

Stakeholder’s forum
- Sharing risk and impact information
- Strategy and direction of business continuity of the area
- Scope of Area BCM coordination among public and private sectors
What is “Area BCM”?

Formulating/developing the Area BCP

Area Business Continuity Plan

Understanding
Vulnerability and Risk of the Area

- Area BCM organizational structure
- Leading industry of the area
- Dominant hazard, risk and impact
- Business impact analysis

Strategy of Area BCM

- Challenges in the Area BC
- Direction of actions

Formulate the Area BCP

- Area BCP, including preparedness and contingency plans

Implement measures and Evaluate the performance

- Performance evaluation
- Continuous improvement

Developing
Area BCP (Plan)

Sharing Area BCM Strategy

Understanding Risks and Impacts

Continuous improvement
What is “Area BCM”?

Measures should be balanced in all stages of Disaster Management Cycle of:

- Prevention and Mitigation,
- Preparedness and Response, and
- Rehabilitation and Reconstruction.

Combined tactics:

- Strengthening existing area-wide capacity of DRR,
- Preparing alternative measures, and
- Making temporary back-ups.

Multi-Scheme

- Cooperation with other stakeholders to share essential resources for business continuation,
- Making new investment for area-wide resilient development, and
- Transferring the risks by insurance or public compensation.
What is “Area BCM”? 

Understanding Risks and Analyze (Understand) • Organize Stakeholders • Understand Area and its function • Analyze Regional Hazards, Vulnerability and Risks • Evaluate resilience of infrastructure and other business resources

Design (Strategy) • Sharing Concepts of Area BCP/BCM • Preparing Disaster Risk Scenario • Business Impact Analysis • Problems/Bottlenecks for Area Business Continuity

Develop (Plan) • Analyze Existing DM • Area BCP Strategy • Planning Area Business Continuity by: • Critical Infrastructure Protection • Coordinated Disaster Preparedness and Response • Quick Recovery, Supply Chain Cooperation, etc.

Implement (Actions) • Effectuate Area BCP • Measures to reduce risks, preparedness and effective response • Simulation Trainings by utilizing Area BCM • Alternative coordination measures

Evaluate (Monitor) • Advise • Evaluation and feedback to improve the Area BCM System

Continuous Process with Multi hazard & Multi scenario

Evaluation of economic benefit through the probabilistic analysis of hazards, damages and mitigations

Accumulated Damage Costs of Multiple Hazards in certain Probability Period total or Annual average of damage cost in the area Expectable Mitigation of Damages by Area BCM actions Comparing with Disaster Risk Reduction Investments

Monitoring & Improving System

Implementation Measures & Reviewing Developing Area BCP (Plan)
What are the Benefits of Area BCM?

- Encourage Public sector to invest more robust infrastructure.
- Increase responsibility under the Area BCM. Start establishing own BCP/BCM.
- Unifies the efforts of the area, directs toward a common goal, achieve restoration quickly, efficiently and effectively.
- Increase asset value for investment, Attract other enterprise for newly settling, pull down the disaster insurance cost.
- Enhance supply chain coordination network, promote cooperation among line industry.
- Add redundancy of different scheme’s combination.
- Cooperate with other partners and clients of each enterprise through enhanced communication.
- Foster local economy and employment.
Case study of Area BCM

Bekasi - Karawang Industry area, Indonesia
Case study of Area BCM

Scenario for BIA, Bekasi - Karawang Industry area, Indonesia

Buildings in industrial park
- Karawang City and surrounding area is inundated more than 2 weeks.
- Industrial parks however are not inundated, facilities are not damaged.

Electric power and Lifelines
- Two Substations in Karawang City are inundated over 2m depth and stop the operation for two weeks.
- Some of base stations of telephone and mobile phone stop the operation because of the shortage of electric power.

Transportation infrastructure
- Freeway is closed both in west and east of Industry Park for more than 2 weeks.
- Primary Road in Karawang City is closed for more than 2 weeks.

Workers of Industrial Parks
- Many employee will be absent because of the inundation of their houses.
- Traffic condition becomes worse and induces the workers staying home.

Stakeholders are formulating BCP for strengthening transportation networks, alternative port development, power sub stations protection, backup of business resources, environment of stranded workers, etc. The Area BCM System is established and expanding its scope.
How the Area BCM guide you?

Applied methodology in the pilot areas will be summarized to be disseminated for guiding any local economy to raise resilience to disasters.

- JICA Study and Expert Panel of Japan and ASEAN
- Area BCP Workshops in Pilot Areas
- Seminars on Area BCM
Where is the Area BCM going?

HFA2 (the successor framework to the HFA)

Mainstreaming DRR in Development
Breaking away from the cycle of disaster and poverty

Realization of sustainable development by Disaster Risk Reduction

Promotion of common understanding and accurate grasp of natural disaster risk
Implementation of risk reduction measures for sustainable development
Rapid and effective response with better preparedness
Restoration and reconstruction to a more disaster-resilient society

Establishment and Strengthening of Disaster Management Systems

Understanding Disaster Risk
Prevention Mitigation
Preparedness Response
Rehabilitation Reconstruction

Area BCM
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DR²AD
Macro economic model to prospect DRR effectiveness

2015

Highlighted Resilience of Local Economy,
Increasing Importance of Private Sector Participation

2005

The adoption of HFA

Intensifying Disasters, Increasing Catastrophes, Global Impacts
Thank you

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