

Firms should look beyond flood scenarios

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THE NATION

Large and medium-sized enterprises are gearing up plans to cope with any recurrence of the floods that disrupted business activities and caused huge losses throughout the final quarter of last year, said an expert in business continuity planning.

Companies should, however, extend their plans to cover other kinds of potential disaster, said Vilaiporn Taweelappontong, a partner at PricewaterhouseCoopers Thailand.

Operators of flood-hit manufacturing plants, particularly medium-sized and large ones, have moved quickly with new plans or improvement of existing plans to minimise losses, while smaller ones have started to rethink how to prepare for disasters like last year's floods that disrupted their operations in Thailand, she said.

Some auto-makers in the Kingdom have been in a hurry to improve their plans for business continuity. "Now, they require their suppliers to have these plans in place and to show them, to ensure how companies will continue supplying materials to them if floods recur," she said.

In the service industry, providers of utilities such as electricity and tap water, banks and oil companies are seen to be very well prepared in flood protection, she said.

Vilaiporn cautioned, however, that some smaller businesses may face budgetary constraints, as planning to ensure business continuity requires investment, because a spare site for operations or a back-up database centre may need to be put in place for any disasters that could disrupt a large

number of businesses.

Another difficulty in planning business-continuity management lies in inadequate understanding of so-called business impact analysis (BIA), she added.

"BIA is the core [for business-continuity management]. This is the way to analyse what are vital resources or principal suppliers; what is the core of the organisation to be recovered when a crisis occurs," Vilaiporn said.

If the analysis is well conducted to point out critical resources when a crisis takes place, drawing up business continuity management can be accomplished with ease. "Some may not need to be recovered. We need to look for what is critical in an organisation and lay out the plan." She added that the strong support of top management was also required to give direction.

If an auto-maker has only one company to supply a type of raw material, this is certainly a risk. "How will the carmaker manage if a crisis occurs?" she said.

Given the enormous damage from last year's flooding and their concerns over a recurrence of such a disaster, all manufacturing companies and service providers are concentrating solely on flood protection, Vilaiporn said.

Companies should, however, extend their plans for business-continuity management to cope with other types of disaster, too, amid uncertainty over climate change and the environment.

"Flooding is only one scenario of disaster, not all. We should be better prepared for any disaster that may erupt. Business-continuity management is similar for any type of disaster," she said.

PwC Thailand has about 100 clients using its consultancy service on business-continuity management.