Promotion of Business Continuity Plan to Encourage Private Sector’s Investment on Disaster Risk Reduction

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Abstract

Learning experiences from recent disasters like the 2010 volcanic eruptions in Iceland, the 2011 great earthquake and tsunami in Japan and the 2011 floods in Thailand, besides casualties and losses, the adverse impacts caused by business interruptions affected local, regional and even global economic operations and both business sector and governments realize importance to upgrade capacity and capability of disaster resilience at private sector by promoting business continuity plan (BCP). To business owners, BCP is not a new idea to maintain business operation. After the Tohoku Earthquake in Japan, the whole world felt the rippling effects of business interruptions though global connectivity, especially viewing from global supply chain. In Tohoku area of Japan, semi-conductor manufacturing and automobile industry were severely affected and interrupted after the quake. In February of 2011, 800,000 cars were made in Japan. Then the numbers sharply declined to 400,000 and 290,000 in March and April after the quake respectively. Since the production was highly integrated into the world economy, the widespread disruptions in supplies occurred at the global level but particularly in Asia. For example, automobile production falls in Thailand by 19.7 %; in the Philippines by 24.0 %; and in Indonesia by 6.1 %. Likewise, global manufacturers of computer, smartphone and ICT device faced shortage of essential chips produced in Japan.

However a conventional BCP covers threats of financial crisis, information interruptions and manufacturing accidents, instead of natural hazards. Therefore, a trend of enhancing preparedness for private sector by adding new elements to BCP has become an essential issues of disaster management. In 2012, International Organization for Standardization has introduced the ISO 22301 as a new standards to regulate disaster management activities for business operation. The paper will discuss how to assist a business to formulate a tailor-made BCP by adopting hazard maps to build up scenario-based plan meeting demands of emergency operations.