

# Case Study

## **WIRI BUSINESS ASSOCIATION**

### **Business Disruption Case Studies**





## SALTERS CARTAGE

Salters Cartage are experts in waste recovery solutions and are an industry leader in the recycling and hazardous disposal market. Services provided by Salters Cartage include waste oil and workshop recycling; interceptor cleaning; vacuum truck services; spill response; shipping and marine fluid management; and specialist fluid storage management. Salters is headquartered in Manukau, Auckland; has depots in Auckland, Feilding and Christchurch; and its operations also service the Pacific Islands.

Salters Cartage has been in business since 1980. Over the last 40 years Salters has expanded into a diverse group, now firmly established as a market leader in its areas of operation. Salters is committed to providing environmentally sustainable solutions to address the challenge of transport, disposal, and recycling of hazardous waste.

## THE STORY

The 15th September 2015 started like every other day for Ron Salter. At 1:30pm Ron was sitting at his desk at the Manukau site when he heard a loud 'bang', an explosion. The shock wave from the explosion blew the windows in and the lifted the roof on the building he was working in.

Ron and his staff acted immediately. Emergency evacuations of all staff from the site were undertaken; the emergency services (Police, Fire and Ambulance) were called; and site was immediately cordoned off.

Once these immediate actions had occurred, assessment of the situation revealed that the top of a 100,000-litre fuel tank was missing and eventually found 700 metres away. A contractor who was conducting work on the top of the tank at the time of the explosion was thrown from the tank when the explosion occurred and tragically died from this incident.

The explosion impact extended beyond the Salters Cartage site causing damage to surrounding businesses including lifted roofs and damage to a neighbouring site storing brand- new cars. Police and WorkSafe New Zealand investigations were to follow.

Salters Cartage were required to immediately cease all operations at the Manukau site; and shift operations to alternative locations. Ron couldn't shutdown his whole business due to the extensive services provided by Salters Cartage across the North Island, so he had to quickly develop a plan to manage the extensive disruption to his business.

Ron didn't know it at the time, but it would be six months before the Manukau site could re-open.

***We asked Ron what emergency and business continuity arrangements Salters Cartage had in place at the time of this incident.***

Ron was thankful that Salters Cartage had well-practiced emergency evacuation procedures in place. Evacuation drills were regularly conducted.

Ron also highlighted the importance of insurance. Salters Cartage had comprehensive public liability insurances which covered losses incurred by surrounding businesses also impacted by the incident. Insurances in place enabled Salters Cartage to re-build the business.

Salters Cartage had safety plans and procedures in place, but these were not enough to prevent what happened.

***We asked Ron what would Salters Cartage do, if you could go back in time to prepare yourself or business better – What would you tell yourself to do?***



### **Strengthening Plans**

Salters Cartage had safety plans and procedures in place, but a full Job Safety Analysis would have added to what was already in place. Having a Closed-site policy and sign-in processes would also have strengthened contractor working procedures already in place.



### **Business Continuity**

Given the need to immediately cease all operations on the Manukau site, Ron had to adapt quickly to establish other arrangements to ensure he could continue operating for the next for six-months.

The established relationships (customers and other providers) of Salters Cartage and an understanding of his critical business functions helped with a smoother transition to services from other providers, but these plans for continuing his business were not documented.

Having business continuity plans written down and thinking flexibly based on different disruption scenarios helps anyone within the business to implement the work arounds if required.



### **Communication**

Ron highlighted the value of clear communication.

At the time of the incident, Ron engaged a communications specialist who could handle all media inquiries and manage messaging to his stakeholders given the risk of damage to the reputation of Salters Cartage. There was extensive media attention and community interest in this incident, and Ron felt clear communication was critical to ensure that the right messages were shared. Having a plan to manage any difficult communications is an essential part of any business continuity and emergency plans.



*We checked with Ron if there was anything that had changed at Salters Cartage to help them be more resilient in the future?*

### ✓ **Business resilience**

Ron's focus is on lifting the organisation's resilience and ensuring a work culture that is centred on safety and preparedness. Salters Cartage review and test their plans annually.

### ✓ **Strict policies**

Salters Cartage now has comprehensive safety plans and procedures in place; and mandatory safety induction training for all staff and contractors who work on Salters Cartage sites. If training expires, the policy is simple - Ron stated: 'You will not gain access to a Salters Cartage site.'

### ✓ **Contractor insurance**

Having the right insurance for Salters Cartage is critical, but so is the need for insurance from Contractors on site and working with Salters. Ron highlighted that all Contractors, from electricians to the forklift servicing provider, must have current insurances. Currency and renewal dates for the insurance policies of Contractors is included in Salters Cartage records.

### ✓ **Information management**

Salters now uses Vault as their system for recording of Health and Safety information. Ron stressed the importance of the use of a cloud-based system and the need to ensure system resilience through robust business continuity plans for any Information Technology system outage that may impact on his business. Ron reiterated that it is a battle to keep up with changing technology and the ongoing threat of cyber-attacks.

### ✓ **Business continuity**

Ron recognised that there was still more work to be done with planning for any future business disruption and commented that his planning for disruption from a sustained power outage or a cyber-attack were still in progress.



## Reflections

Salters Cartage will never be the same.

Ron reflected on this incident and impact that it has had on his business and family. He believes that in telling his story other businesses might learn, and in turn, be better prepared and resilient should they experience any disruption to their businesses.

While there's no guarantee that Ron will remain incident free in the future, he acknowledged that having plans to manage a disruption can minimise the impact on your business if it does.

Ron asked the question: 'If you have an incident, who will stand by you?'

There are multiple stakeholders involved to support your business in an incident: Emergency Services, Insurance companies; the business community and wider community; staff and family. All play an essential role in supporting a business in any incident causing disruption.



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# JAYEN FOOD CONCEPTS

Jayen Food Concepts was formed in 1997 and is a New Zealand owned and operated company with over 200 outlets nationally. They have branded food systems: Top Taste Chicken 'N' Chips, and Charleez Chicken & Chips and have created Cosmo's cooking ingredients which includes a variety of flavoured products.

They provide kitchenware, food handling tools, takeaway packaging, cleaning products, and catering equipment installation. There are over 700 stores with Jayen Food Concepts Ltd equipment. To support their operations, the company employs trainers who deliver training and equipment installs.

## THE STORY

Mark Prujean (Business Manager) discovered that the business had a problem when he received a call from a customer who had found a bug in 16kg of bulk products. Initially Mark thought it was only one bug in one box which wouldn't result a widespread product recall as finding one bug in a box could indicate an issue at a shop-end. By the next day, Mark realised this wasn't the case - with a further bug identified within the 16kg of bulk products.

Mark followed his existing processes and immediately contacted the Food Safety Team at the Ministry for Primary Industries (MPI) for guidance on the next steps. MPI were able to assess what the bug might be and how much product could have been impacted (in this instance, the bugs had been found in two different batches of product).

Mark's swift contact with MPI allowed the root cause of the problem to be quickly identified: the product supplier had changed the usual packaging - now using a thicker bag liner which led to the tape that was usually used no longer sticking to the bags. As a work around, the supplier stopped using the tape and simply tucked the bags into the box effectively leaving product unsealed within the boxes. The gap was just big enough for contamination by the bugs. Mark's early alerting of the issue with the supplier resulted in the supplier reverting to the use of the original thinner bags.

Although not life threatening, there was a need for a product recall. MPI initially indicated that this could cost Mark up to \$50,000.

***Mark and the team at Jayen Food Concepts had several tasks to complete:***

### **Communicating with impacted shops**

Mark's team sent an email to all the potentially impacted customers to advise of the product recall – retrospectively this was not a straightforward task as the specific product batch number was tricky to find and not included within this initial email. This meant Mark and the team fielded many calls from customers who were not actually affected and this increased work considerably. Although Mark had one staff member dealing with customer calls, a second person had to be employed to help manage the increased interactions with customers.

### **Customer verification with affected product**

The team needed to provide assurance to customers as to whether they had been affected or not, which was difficult to do given staff were already addressing a significant increase in customer calls. Additionally, there were issues reconciling batch numbers on invoices as these had been omitted in some cases. New staff were unfamiliar with the processes. This further complicated the customer verification of recalled product.

### **Credit**

Once customers had confirmed they had received contaminated product, they could then be credited for the loss of product.

While the product recall was resource intensive for Mark, the overall cost impact was less than the originally indicated \$50,000 - but the staff time and duration of the recall was a significant impact for the business. Mark was hoping the recall would be dealt with in a week - but it ended up taking a month!

Mark reflected that his business was lucky: If the contamination was within the retail sector, the recall could have cost significantly more, potentially between \$150,000- 250,000 given the need to advertising as you're less likely to know who bought the product.

***We asked Mark what emergency and business continuity arrangements they had in place at the time of the incident.***

Mark outlined several key strategies that had helped him manage this incident:

### **Staff empowerment and trust**

Mark has a confidence in his staff and chooses to operate in an environment of autonomy and flexibility. He also chooses to have open communication with his staff - they know what's going on with the business

## → Business Continuity Plans and exercising

At the time of the recall, Jayen Food Concepts had good Business Continuity Plans in place. These plans formed the basis of regular 'product recall' exercising that the business did every three to six months. Mark thought that they had good practices in place and recognised that if staff are unavailable, then the team would need to manage the increased workload caused by an incident. Mark noted that some staff were new and had not completed some product recall training and exercising.

## → Resilience in service delivery

Mark had deliberately built in business resilience approaches for service and product delivery.

- Service delivery is an important element of Mark's approach – thinking about issues from a customer's perspective – particularly the need to fix machinery and supply product quickly is part of how the team operates. Loan machines to support customers experiencing machinery breakdowns means customers can quickly return to normal service.
- Orders need to go out the same day. Jayen Food Concepts had established warehousing in Christchurch before the COVID-19 outbreak to help manage increasing uncertainties with freight delivery over the Cook Strait. With the South Island warehouse, and refined systems and processes, Jayen Food Concepts can now guarantee overnight delivery to customers.

## → Support in an incident

Mark highlighted that engaging with others during an incident is important. The early notification to MPI meant that activation of procedures could be initiated immediately, instead of days later as an afterthought. Mark used MPI for guidance on the product recall steps and engaged a third party to help undertake product tracing during the product recall. Although support from others is important, it is also important to recognise that there will be a cost for that.

*We asked Mark what Jayen Food Concepts would do if you could go back in time to prepare better? Mark considered that there were a few things he might do differently.*

## → Better systems and testing

Mark reflected that the systems they had could have been stronger. Even though Jayen Food Concept had plans and regular testing in place, new employee induction training was needed.

## → Insurance cover

Mark wasn't covered for this incident. He had researched insurance cover but felt it was expensive - and didn't cover as much as he thought.

## → Systems and processes for Suppliers

Although Mark's supplier did not consider the product recall incident to be their fault, Mark feels that with hindsight, he should be more aware of what he can control within his own business. Mark has since introduced new systems and processes to ensure his staff check all pallets of product from Suppliers.

## → Communications

In this incident, Mark was happy to leave the direct communications with customers to MPI (MPI shared information with Mark's clients about the incident). In hindsight, Mark felt that Jayen Food Concepts should have been more proactive in engaging with its customers.

*We asked Mark what has changed at Jayen Food Concepts to help them be more resilient in the future.*

## ✓ Better tracking systems

Mark has learned a lot from this incident. All pallets of product are now inspected on arrival at Jayen Food Concepts - at least three boxes per pallet to ensure that each of the boxes are sealed properly. Batch inspection is undertaken by the company's food safety officer who is constantly looking for ways to improve processes. A new system has been implemented in the warehouse to ensure that there is no mixing of product batches, and that product batches arrive in one delivery (not part batch deliveries as in the past). This system enables easier management and tracing if there are issues in the future.

## ✓ Training / familiarisation for new staff

There is now a full induction for new staff. Each staff member has their own documented staff procedures for what they do; and they are responsible for keeping them up to date. While previously there was a reluctance to document procedures, staff recognise that regular process documentation and updating has helped staff to improve what they do and be more efficient.

## ✓ Staff communication

Mark uses an internal messaging system to keep people informed. The internal messaging system allows Mark to communicate with staff whether they are onsite in Auckland, at the South Island warehouse, or on the road.

### Reflections

Jayen Food Concepts has learned valuable lessons from this recall incident.

While the incident did have a financial impact on the business, and there were some adjustments to processes, there has not been a significant change operationally. Mark did reflect that if a similar incident were to happen tomorrow, there is not a lot that he would do differently.



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## ADSTAFF PERSONNEL

Adstaff Personnel Ltd is a recruitment agency supporting a range of business sectors with temporary, permanent placement, and contract requirements.

Teena Rhind, Director of Adstaff, has a passion for helping people find work, and enabling people to stay in work. Teena has a team of recruiters with experience across food manufacturing, processing, logistics, building, construction, and engineering industries. Following her extensive experience in health and safety, and her experiences in incidents, Teena has ensured that people are at the heart of her business, and that there are the systems and processes in place to support that.

## THE STORY

Teena has dealt with a range of disruptions to her business – mainly involving third party vendors providing services to her business. Teena highlighted that even with robust Adstaff systems and processes in place, disruption in a business may occur when outsourcing services to support your business.

Two main incidents were highlighted in our discussions with Teena.

### Cyber Attack

Two years ago, Adstaff were subject to a cyber- attack.

This incident wasn't internal to Adstaff's Information Technology (IT) systems but was external due to Adstaff historically having outsourced the management of its contact database to a third party. Although management of the contact database had since been brought in-house, a mirror of the database remained with the third-party vendor.

In this instance there was little impact to Adstaff business operations, but this incident did highlight to Teena how vulnerable that they were having contracted third-party services. Since then, Adstaff have diversified their use of servers and have processes in place for regular data back up, and feel they are now covered in terms of a similar type of disruption.

From this incident, Teena learnt a lesson with insurance. In reviewing of policies for an IT disruption, Teena found out that she wasn't covered by insurance. She is now.

## Payroll

Adstaff have previously utilised a third-party vendor for Accounts and Payroll. Both these systems are operated remotely.

Payroll services are completed on a weekly basis, every Tuesday with a turnover of approx. \$80-100,000 in salaries per week. One mistake by an employee of the third-party provider meant that the wrong people were paid; and others weren't paid at all.

The mistake was discovered immediately on the Wednesday when Adstaff team members started to receive calls that people had not been paid. Teena discovered that the wrong payroll week had been entered and approved from a payroll six-weeks earlier.

***We asked Teena what emergency and business continuity arrangements Adstaff Personnel Limited has in place.***

Teena highlighted that Adstaff is now set up so it is resilient and adaptive to enable response to any incidents that arise that may disrupt any aspect of her business.

### ✓ Adstaff systems and process manual

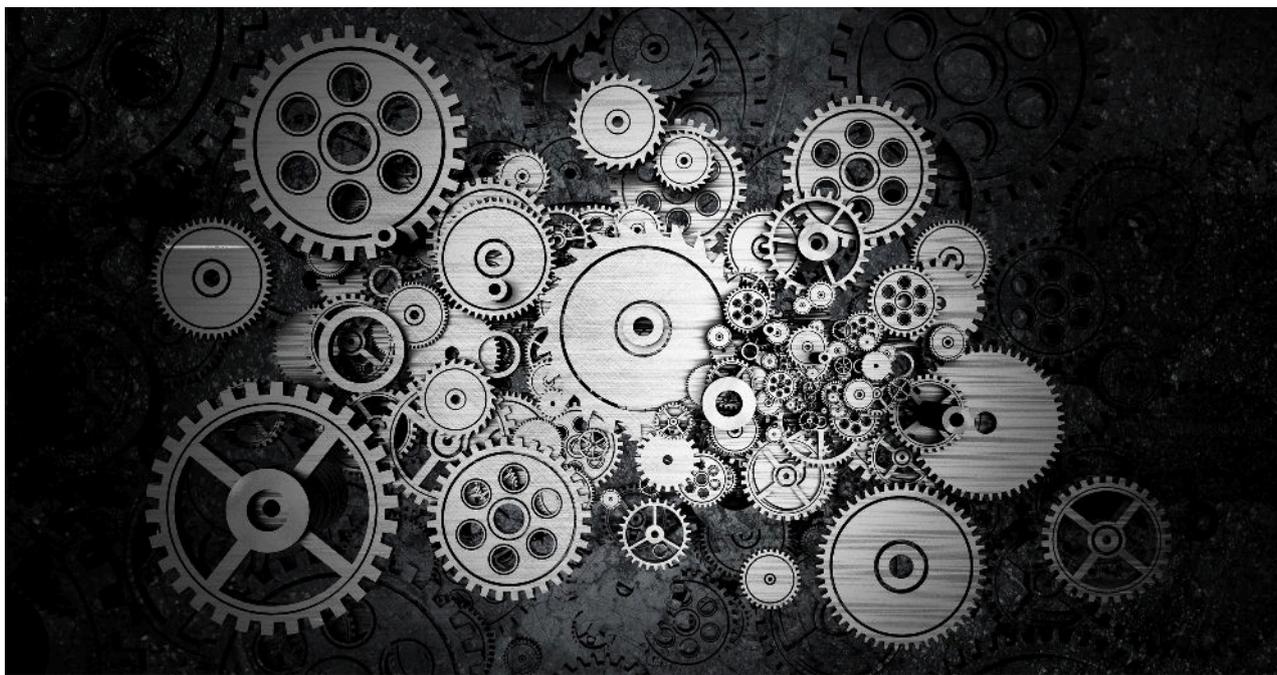
Adstaff have developed a manual – This manual is the core document in the business where all systems and processes are documented. The manual has been designed as the 'how to' for all Adstaff systems and includes guidance on troubleshooting if systems do not work.

### ✓ Systems and processes

To support the Adstaff manual, Teena has back-up processes in place for key systems in her business. Adstaff has robust systems and processes. Teena is meticulous about these requirements.

### ✓ Remote working

Adstaff business as usual practice is remotely working. These systems were already in place ahead of COVID. There were no last-minute changes to working arrangements in preparation



*Teena has considered a number of key strategies that supports the management of incidents and allow for resilience in her business.*

### → Leadership and relationships

Teena's experience and relationships have allowed for seamless incident management. Teena's relationship with her bank enabled early notification and strategies to fix the issues with the payroll incident.

### → Having people as the focus

Based on Teena's experience over many years, she has instilled a culture that ensures that people are the focus, including her own staff. Teena highlighted that 'wellbeing and staff support are a priority', and this underpins good systems. The Adstaff culture of putting people first has meant that there has been a low turnover of staff within her business.

### → Robust arrangements with third-party vendors

Most businesses will use contractors or third- party vendors for services to support the effectiveness and efficiency of their business at some point. Ensuring that a business has back- up plans in place and redundancy in services internally is vital, even when engaging a third- party vendor. The two incidents that Adstaff have dealt with over the years highlights that planning for a disruption, and having robust business continuity plans in place, is essential within a business with consideration of both internal and external processes to capture all services.

### Reflections

In our discussions with Teena, her reflections were that all people and businesses need to be prepared, no matter the size of the business. Not only should businesses have systems and processes in place to support preparedness for a disruption and have good business continuity plans within the business, but a business should also ensure that any contracted third-party vendors also have plans in place should they experience a disruption.



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