
A MINDSET FOR BUSINESS CONTINUITY

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Less than six months ago, the United States was preparing for the end of 2019 and the start of the new year. News was focused on the Democratic presidential nominees and the impeachment of Donald Trump. For those of us that correlate success with the growth of our retirement plans, the annual return of the Dow Jones Industrial Average (DJIA) exceeded 20% and the S&P 500 was approaching 30%. The unemployment rate for the United States as a whole was below 4%. Notwithstanding the environment of contentious politicking, the United States was outperforming the rest of the world.

The world changed in early 2020.

As has happened several times in the not too distant past, a novel virus 'jumped' from animals to humans and created a pandemic to which the human race has had to respond. We are living the aftermath of such a jump right now and trying to figure out what to do. Much in the same way that a tropical storm forms off the coast of Africa and eventually becomes a Category 5 hurricane in the Northern Atlantic Ocean, we are now in the midst of the intense and reactive work to weather the storm. Soon we will be faced with

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with managing the 'clean up' after the storm. We will get through this. Life will return to a new normal, whatever that may be. The key questions are "What did we learn" and "How will that make us better prepared for next time?"

There will be a next time.

Our lives changed as a result of the aftermath of the attacks of September 11th 2001. The increased security and surveillance associated with travel, the establishment of the Transportation Security Administration (TSA) and the financial impact of the War on Terror on the United States Government are examples of changes that have impacted each of us individually and in our businesses. What changes

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were discussed at your business as a result of 9/11, and were they implemented? Learning that which accrues from disasters is episodic - we learn from the last one, what to do (or not do) for the next one. If the COVID-19 virus pandemic has taught us anything it's that we are not ready for the next big one. Will we go back to doing what we always do - breathe a sigh of relief that it's over, enjoy ourselves for a while, and sometime around next fall, start to worry again about viral transmissions and hope that it passes over each of us?

How we live our lives and conduct business will change as a result of this virus.

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In business, the existence of the virus is not in our control. How businesses operate in the aftermath of the virus is within our control. This requires a confirmation of mission, vision, planning and implementation. Topics for consideration are business continuity, reassessment of procedures, priorities, outfitting and managing a remote work force, maintaining some control over corporate culture, how to serve customers in a social distanced society, succession planning, valuation of founder-operated entities, impact of state and federal manufacturing base, establishment of critical materials and technologies, identification of critical skills, and others.

Identification and quantification of potential enterprise risks and their associated mitigation plans is foundational to an effective business continuity strategy and plan. An executive team's commitment to critical decision-making at a time of crisis and ensuring mitigating actions are taken is critical to protecting the business, employees and customers.

Best Value is not Lowest Landed Cost.

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Directly combatting COVID-19 and dealing with the unintended consequences of the mitigating actions has presented us with the realization that too many products, assemblies, subassemblies and parts critical to our existence and national security are no longer produced and supplied from within the United States. We are too dependent upon foreign supply chains to produce what we need to protect and take care of ourselves.

In most instances the outsourcing and foreign sourcing of products, assemblies, parts, services have occurred over years, if not decades. This problem has been 70+ years in the making, the result of competing on the basis of the lowest cost, minimally compliant solution. While it won't take that

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long to redress, there is more to do than just 'reversing the streams' because more than just the parts themselves left the United States supply chain in search of cheap labor. For example, either access to the existing equipment or acquisition of new capital has to be available to start the new chain. Intellectual property and know-how to manufacture at the new production location is required as well. As the foreign source of supply and quantity increased over time, the foreign source accrued the manufacturing efficiencies, learning and knowledge to their benefit. We need to overcome the lost learning and capture competitiveness with American technology.

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Second, re-establishing a supply chain and production capacity requires a unique skill set and a project management expertise to deal with a time-dependent and multi-variate problem similar to a new product development itself. Much in the same fashion as any time-dependent learning: If you haven't done something like this before, go watch someone who has before attempting it yourself.

There are critical supply chain lessons to be learned, analyzed and applied for the future.

Lesson 1

Bottlenecks. If you didn't make arrangements to pull out from a foreign source ahead of a crisis, you will not be out or in control. You will be "running in place" because you are trying to get something done while the rest of the world is trying to do the same thing.

Lesson 2

You can't shut off the old source until the new source is up and running effectively and proven to yield correct quality and volume. You don't know what you think you know. But they do.

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Lesson 3

Your foreign source is not going to be thrilled to learn you're planning on moving it. Anything you do or say will signal that, and they will throw logs in your path.

Lesson 4

You have to do it well enough to (eventually) make an economic profit, else you will be constantly searching for enabling subsidies. As the crisis subsides, customers will again demand lowest cost solutions.

We can help your business. Now.

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Stirling Operations has extensive and comprehensive expertise to train and support your business through the current crisis and prepare your executive team for the next. Our accumulated experiences with New Product Development, Distribution and Logistics, Contractual Supply Chain development and modernization, Customer and Employee Retention, Financing and ultimately profitable supply of mission critical items and activities.

Contact Info@StirlingAngeli.com to schedule an initial discussion of your needs and our support. All conversations will remain confidential.