

# Efforts of Business Continuity Plan of Companies in Kagawa-Prefecture and The Necessity of Pre-Restoration in Each Industry

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## CONCEPT OF BUSINESS CONTINUITY PLAN

BCP is a plan including previous preparedness in peace time and actions taken in an emergency to enable continuity of the operations or swift recovery from damage with suffering minimum losses of business assets if the business is affected by risks such as disasters or accidents. In the case that BCP is in practical use, it is possible to make the current expected recovery curve ( a solid curve in Fig.1) closer to the target recovery curve ( a dashed curve in Fig.1) by effective response against disasters. Also, the level of the business continuity can be maintained to be more than its tolerance limit against disaster. Therefore it can be said that formulating BCP is required as disaster prevention in every organization.

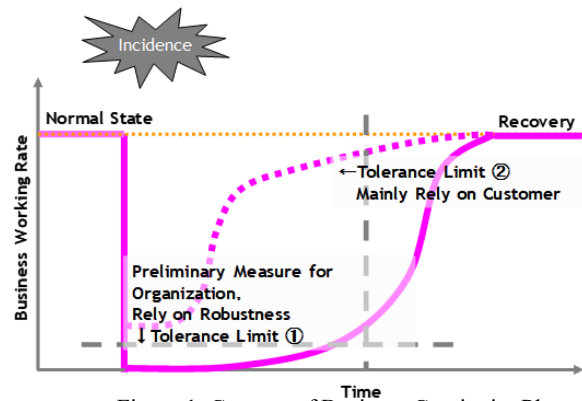


Figure 1. Concept of Business Continuity Plan.

## METHOD

Survey data were collected three times. Details of the latest (2016) survey are as follows:

- Method: questionnaire mail survey
- Sample: The Kagawa Association of Corporate Executives members; population = 327
- Period: May 1–May 30, 2016
- Recovery rate: 38.5% (N = 126)

## RESULTS

Of the 126 respondent companies, 73 (58%) had already developed a BCP, which exceeds the previous result of 40%. The number of companies with no plans to develop a BCP have decreased gradually but unremarkably compared with the state of development (Fig. 2).

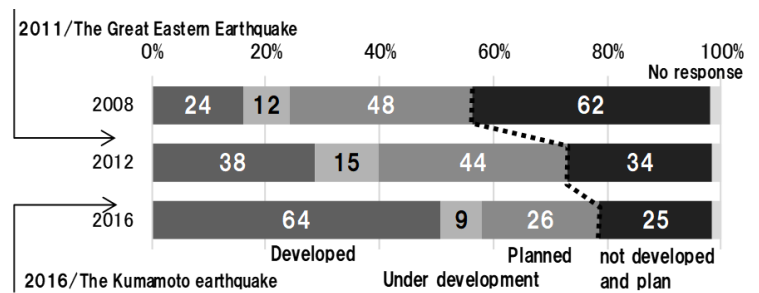


Figure 2. Status of development.

### Comparison of effect

Figure 3 lists the effects of the Kumamoto Earthquake on companies in Kagawa Prefecture.

The suppliers of 36 companies (29%) were affected. The number of companies impacting sales (increase/decrease) is not remarkable, which is 14 companies (11%).

Reference in free describes as follows:

- Tourism to the Kyushu Region changed to Shikoku Region (retail industry).

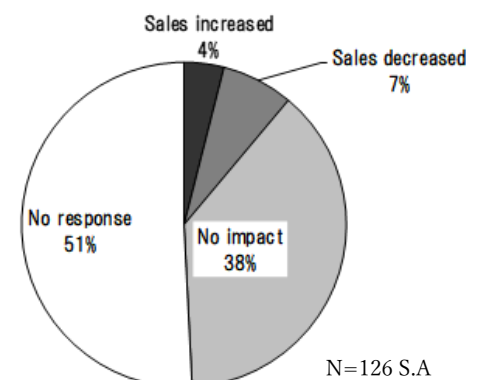


Figure 3. Impact on sales by the Kumamoto earthquake.

- The Kagawa Branch acted as a backup base for the Kumamoto and Ōita branches (Finance/Insurance industry).

Figure 4 compares the effects of the two earthquakes and reveals the following:

- In the Kumamoto Earthquake, the number of companies whose own facilities or those of an affiliated company that were affected was fewer than in the Great East Japan Earthquake. This is due to the limited impact on logistics and information systems.

- In the Great East Japan Earthquake, reference in free describes that companies selected “others” is as follows: the product was not delivered and the delivery was delayed significantly (retail industry)/the production line temporarily stopped due to procurement of parts (manufacturing industry)

To sum up, although the epicenter of the Great East Japan Earthquake was a significant distance from Kagawa Prefecture, the damage to infrastructure was still very severe and the companies in Kagawa Prefecture were greatly affected.

On the other hand, the epicenter of Kumamoto Earthquake was closer than the Great East Japan Earthquake from Kagawa Prefecture yet the damage to infrastructure was less severe. As a result, the Kagawa area functioned as an alternative for the Kyusyu area.

## CONCLUSION

We conclude that different types of disasters cause unexpected damage to companies’ businesses and, hence, their economic continuity. Because individual companies are unable to cope alone when huge disasters strike, it is necessary to develop a pre-restoration plan in advance between each industry. This is the concept of District Continuity Plan (DCP). DCP is defined as a plan for the continuity such as maintaining infrastructure and economic activity in the entire district suffered from disaster. It includes strategic recovery actions and agreements among local organizations already owning their BCP to improve their coordination before and after disasters.

In addition, the result of questionnaire survey to investigate the mental health of employees in companies affected by the Great East Japan Earthquake has clearly indicated that planning of BCP should be required preparing the mental health training those who engage in business recovery.

## REFERENCES

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- 2) Sachiko TAKAHASHI, Yuko KUWAHARA, Hidenori TANAKA, Chikako ISOUCHI, Tomomi UEZONO, and Yutaka MATSUI, “Mental health of the disaster-affected companies by the Great East Japan Earthquake”, Proceedings of the Institute of Social Safety Science, No.31, 2012. 11(in Japanese with English abstract)

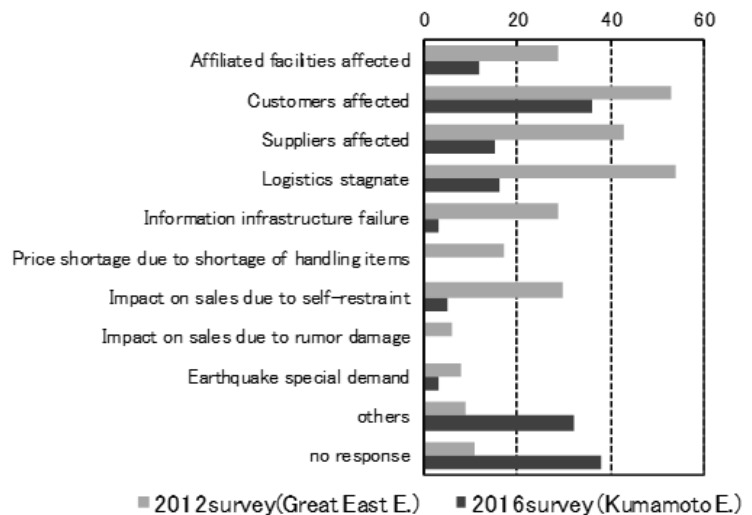


Figure 4. Comparison of effect between 2 earthquakes