Private Sector Language: Resilience & the Supply Chain Element

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The theory that public-sector agencies should rely on the private-sector resilience of owners/operators of critical infrastructure as a disaster-recovery strategy is both valid and useful. The question, though, is this: How does or should that reliance work in the real world? Unfortunately, it can be a chicken-or-egg scenario – i.e., what comes first, the resilience or the reliance?

One possible path to the correct answer is for the public sector to learn the language of the private sector and adapt it to the public sector. Here, what is described as Supply Chain Logistics would be a key element in the overall resilience equation that could be both a logical and a viable place to begin.

The reality, of course, is that the private sector already practices resilience every day – but its "language of resilience" involves and is focused primarily on such terms, and priorities, as "Risk Management," "Business Continuity," and the previously mentioned "Supply Chain Logistics."

The government uses the same, or similar, concepts, but for very different purposes – because government agencies are more concerned, understandably, about responding to and recovering from incidents – which, everyone hopes, will be rather infrequent – that entail higher-priority public-safety considerations. The private sector is concerned, of course, about Supply Chain performance, which is the key to maintaining not only customer satisfaction but also cash flow – both on a daily routine basis and in a crisis situation as well.

In federal language, the National Incident Management System (NIMS) Resource Management Component is the key doctrine used in providing disaster logistics capabilities in times of emergency. The foundation of that component is the principle of using "Mutual Aid" arrangements as the prerequisite for support. What is called an Emergency Management Assistance Compact (EMAC) is a key element of state-to-state mutual-aid agreements – which developed, incidentally, from a Southern Governors Association initiative in the early 1990s.

EMAC and the Request/Disaster Sequence

The EMAC/mutual-aid system relies heavily on reimbursement from the federal government – *after* a disaster has been officially declared. After such a federal declaration is made, of course, the Federal Emergency Management Agency (FEMA) begins to coordinate the federal resources needed – but only as and when requested by the states affected by the disaster.

Unfortunately, it is not always clear exactly how (and/or when) the private sector can or should plug into this federal doctrine to obtain the resilience capabilities needed. One very interesting approach might be to employ the Supply Chain Operations Reference (SCOR) developed by the Supply Chain Council (SCC – an independent non-profit organization of about 1,000 private-sector companies and corporations). The SCOR was originally developed by PRTM, a private-sector management consulting firm, to organize its multi-company benchmarking studies. SCOR analyzes five high-level processes – grouped under such generic terms as Plan, Source, Make, Deliver, and Return – in a model that follows a logical three-part sequence: Business Process Re-engineering; Benchmarking; and Best-Practice Analysis.

Agencies and jurisdictions could document their existing Disaster Logistics systems and processes and benchmark them to determine the performance measures of the current disaster-logistics model. By comparing existing systems and processes to those spelled out in best practices, capabilities gaps could be identified, after which the improvement plans needed could be developed – and then implemented with all deliberate speed.

There is an additional benefit that can be derived from understanding the private-sector models – namely, that the government could more easily, and more quickly, identify specifically where and how the private sector fits into the Resource Management (i.e., Supply Chain Logistics) Component. Such understanding might lead in turn to: (a) creation of the language and framework needed for an improved private-public sector dialogue; and (b) a valid comparison that would initially coordinate the private-sector supply chains and government resource-management structures essential to improved disaster planning.

Mutual Benefits Plus a Logical Starting Point

The government obviously would benefit by leveraging existing private-sector techniques and, of greater importance, would gain greater credibility by adopting the private-sector language used in Supply Chain Logistics. Private-sector companies and corporations then could compare their processes to those of the government and thus more easily determine: (1) where they can, and should, play a supporting role; and (2) how they should negotiate their own planned contributions – prior to an actual incident, it should be emphasized.

Of course, the need to agree on such collaboration is easier said than done. For the public sector, adhering to this process would require not only a major change in thinking but also a rather large investment of time and energy to learn the private-sector systems and vocabulary. For the private sector, the same changes would require a reciprocal commitment of resources and time to fully engage the government. However, if the notion of private-sector resilience is to become reality, this type of thinking must emerge – again, as suggested earlier, with all deliberate speed.

It seems clear in any case that, despite the problems and pitfalls that might be encountered, such a change in attitude, and in procedures, is definitely possible. To the public sector's credit, the EMAC is both an elegant and very innovative tool that actually works as it is intended to (despite the fact that it does not usually receive the credit deserved for its effectiveness).

The private sector possesses significant logistics capabilities that can be brought to bear in times of crisis, but those capabilities must be used both efficiently and in accordance with plans that have been developed pre-incident. Nonetheless, in the context of EMAC's successful history, analyzing that system as a model may still be the best starting point for the creation and implementation of other improvements using SCOR.

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