

Building stronger manufacturing and automotive companies

A resilience planning guide





Manufacturing and automotive companies can use this guide to help identify potential pain points and implement solutions on their journey to resilience.

Why resilience matters

If there's one thing we've all learned since the start of 2020, it's that businesses must better prepare and plan for major risks and disruptions — and be ready for anything.

More than ever, resilience is crucial to any organization's ability to compete and achieve strategic growth. And it should be at the top of your agenda.

And yet many organizations are not taking the necessary steps on the journey to resilience. According to Marsh's *Risk Resilience Report*, only one in four companies are evaluating or modeling the impact of emerging risks.

But it's not just about COVID-19 and other health threats. To remain competitive, manufacturing and automotive companies must be ready for an array of potential disruptions, including cyber risks, natural catastrophes, bottlenecks in ports and transit channels, and much more.

This guide shares some best practices for risk professionals, senior executives, and others within manufacturing and automotive organizations on three key pain points on the journey to resilience:

- Enterprise risk management, business interruption, and continuity.
- Supply chain risks, both digital and physical.
- Crisis management.

As you focus on becoming resilient in 2021 and beyond, Marsh is here to help. We are committed to helping manufacturers and automakers understand their specific risks, identify where they can build on existing strengths, and establish new frameworks that allow them to prepare for and respond to potential crises more quickly and effectively.

How to use this guide

1. Read through each section to help you identify and consider the highest priorities within each area.
2. Review and consider the key questions for your organization in each section.
3. Develop and implement a plan to address the priorities that your organization identified as the most critical.
4. As you address them, review the priority list and select subsequent items to work on.
5. As gaps continue to be closed or conditions evolve, consider the other items for completeness. In addition, consider other risks that are not specifically included in this guide.
6. As you determine to be necessary, add additional activities to improve your resilience to various risks.

ENTERPRISE RISK MANAGEMENT, BUSINESS INTERRUPTION, AND CONTINUITY

Many manufacturing and automotive companies lack clear and comprehensive enterprise risk frameworks that consistently identify and prioritize risks, including maintaining business continuity and third-party continuity plans. Such programs are essential to identifying emerging risks and developing mitigation programs for key risks, including physical security threats, the effects of epidemics and pandemics, wildfires and natural catastrophes, data breaches, and other dangers.

Questions to ask


- Do you have a process for establishing priorities and areas of risk focus?
- Does your organization have a formal enterprise risk management program?
- Does your organization engage in scenario and financial analysis and modeling to support risk investment and management decisions?

Potential solutions

A robust enterprise risk management (ERM) structure can help organizations make smarter, more informed risk-based decisions and more efficiently and effectively allocate potentially limited resources. An ERM program allows for more consistent metrics and evaluation of key risks, greater operational efficiency, and a clearer roadmap for regulatory compliance.

You can build a stronger ERM framework by:

- Identifying, exploring, analyzing emerging risks and mapping them to your organization's specific business objectives and strategy.
- Conducting current state and gap assessments, through which you can catalog your existing capabilities and compare them to those you would like to develop.
- Quantifying process criticality and loss impacts, to understand which processes are essential to your organization's operations and the financial implications of potential disruptions to them.
- Analyzing and modeling various risk mitigation options and conducting financial stress tests on catastrophic failures.
- Identifying and evaluating insurance and alternative risk financing solutions.

For assistance addressing this pain point, contact a Marsh Resiliency expert 

PHYSICAL AND DIGITAL SUPPLY CHAIN THREATS

As physical and digital supply chains grow more interconnected and global, the following chief threats have emerged for manufacturers and automakers: cyber-attacks and physical threats, including wildfires, hurricanes, and other natural catastrophes. These companies are especially concerned with their inability to use data and analytics to analyze and respond to each.

Questions to ask

- Have you identified critical points on your supply chain?
- Do you have a process for evaluating and monitoring potential supply chain threats and mitigation and recovery strategies?
- Are your information technology disaster recovery strategies and plans aligned with business requirements?
- Do you have a plan for managing and responding to cyber threats, including data breaches and ransomware?

Potential solutions

A holistic approach to continuity, cybersecurity, property loss control/engineering, and physical security — backed by the use of data and analytics — can help better prepare for and respond to threats and generally strengthen the resilience of supply chains.

You can build stronger and more resilient physical and digital supply chains through:

- Mapping supply chains, including second- and third-tier providers and assessing threats, both physical and digital.
- Reviewing the business continuity plans of third parties that provide critical products and services to your organization.
- Quantifying your potential cyber risk exposures.
- Conducting a ransomware readiness assessment as the threat of your data being held hostage grows.
- Cyber incident response planning and tabletop exercises, which can help address preparedness for ransomware attacks, data breaches, and other major cyber risks.
- Assessing the vulnerability of your data centers.
- Completing valuations of potentially catastrophe claims.

For assistance addressing this pain point, contact a Marsh Resiliency expert ▶

CRISIS MANAGEMENT

A crisis can be a defining moment for an organization, either severely threatening or greatly enhancing its operations, customer loyalty, community standing, reputation, and financial performance. While companies may not have advance warning of a potential crisis event, appropriate insight, preparation, and planning can help them survive adverse events — and maybe even gain competitive advantage in the process.

Questions to ask

- Do you have a defined crisis management plan to establish priorities and manage recovery strategies?
- Do your employees, senior executives, and board members know what their role is during a time of crisis?
- Does your governance structure alignment of resilience activities, identification of emerging risks, and continuous improvement?

Potential solutions

A detailed and comprehensive crisis management plan can enable organizations to quickly, effectively, and strategically respond to potentially catastrophic events and thus minimize resulting operational disruptions and financial losses.

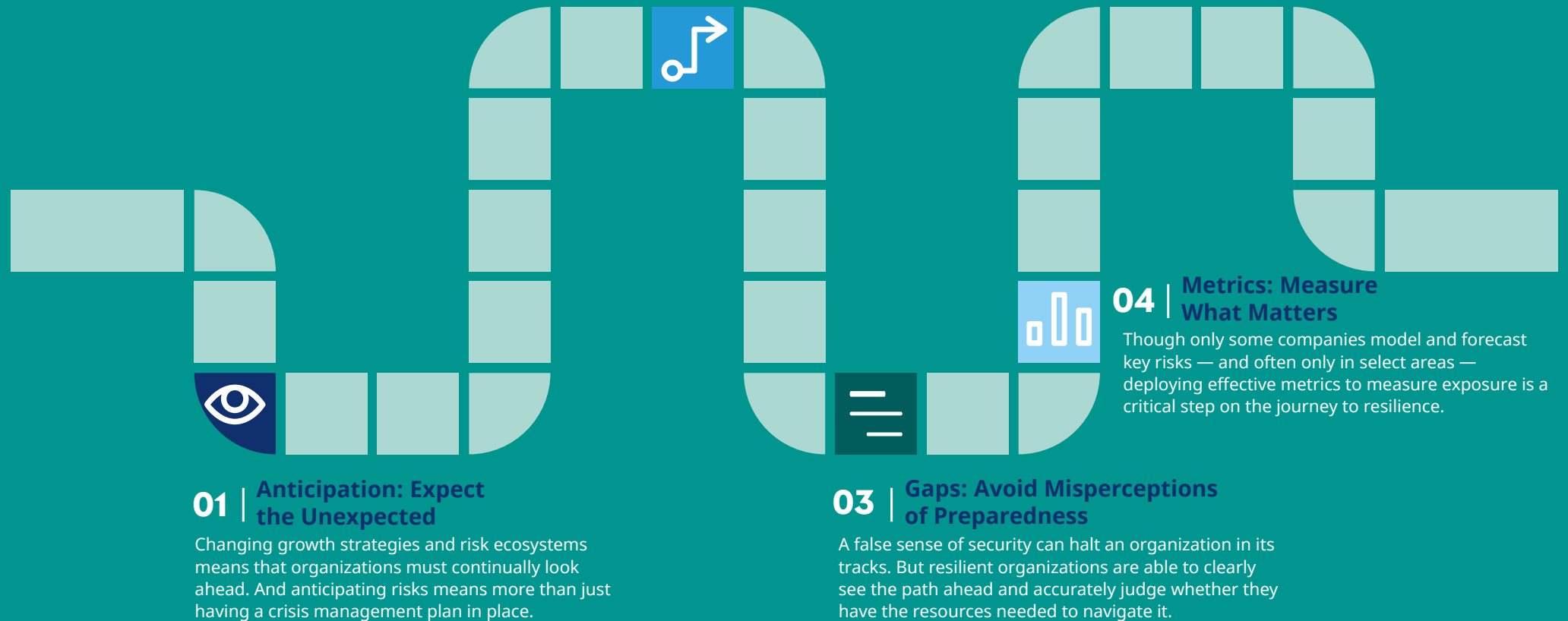
An effective approach to crisis management can include:

- Gap assessments and tabletop exercises through which you can walk through a potential crisis and identify areas for improvement before an event.
- Emergency response planning that establishes set procedures to be executed in an emergency, with a focus on communication.
- Evaluating existing emergency response, business continuity, IT disaster recovery, and incident response plans to assess whether each has escalation and communication protocols that connect into an organization's overall crisis management program.

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THE JOURNEY TO RESILIENCE

The path to resilience may be different for each manufacturing and automotive company. But the journey includes four primary steps:



HOW MARSH CAN HELP

To create more resilient organizations, it's essential that companies in the manufacturing and automotive industry work with the right risk advisor. Marsh can help you enhance your resilience in several ways, including:



Building stronger enterprise risk management frameworks: Through emerging risk analysis, gap assessments, and modeling exercises, we can help you identify key threats and current capabilities to mitigate a variety of critical exposures.



Protecting against physical supply chain exposures: We can help you map supply chains, identify single points of failure, and conduct business continuity planning exercises to better understand your risk and train your organization to respond in the event of a supply chain disruption.



Planning for cyber/digital supply chain exposures: By quantifying your cyber exposures, building cyber incident response plans, and more, we can help you assess your vulnerabilities, prioritize the use of resources, and be better prepared in the event of a cyber-attack.



Responding to other crisis events: We can help you conduct emerging risk analysis, gap assessments, and tabletop exercises to rank threats based on their potential impacts, refine existing response plans, and help team members prepare for a number of crisis scenarios.

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To learn more about Marsh's resiliency solutions for manufacturing and automotive companies visit, [marsh.com](https://www.marsh.com).



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