



Strengthening retail, food, and beverage companies

A resilience planning guide

June 2021





Retail, wholesale, food, and beverage 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 path to resilience. According to Marsh's *Risk Resilience Report*, only one in four companies are evaluating or modeling the impact of emerging risks.

Although COVID-19 and the potential for similar health threats are top of mind for retail, food, and beverage companies, they must consider other risks. To remain competitive, organizations 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 retail, wholesale, food, and beverage companies on five key pain points:

- Pandemic-related risks.
- Supply chain risks, both digital and physical.
- Cybersecurity.
- Business interruption.
- Crisis management.

As you focus on becoming resilient in 2021 and beyond, Marsh is here to help. We are committed to helping our clients 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.

PANDEMIC RISK

As the threat of COVID-19 persists, retailers and others continue to struggle with navigating complex and sometimes varying local guidelines. They are also concerned with both retaining employees in an uncertain economy and maintaining their safety. New risks are also emerging as employees take on new roles and companies increasingly focus on delivery and in-store pickup, while organizations also worry about finding new distribution channels when customer demand falls.

Questions to ask

- Have you identified and incorporated COVID-19 lessons into existing pandemic and crisis management plans, or leveraged them to develop new plans?
- Do your plans include strategies if working from home is no longer feasible for key personnel?
- Has your organization defined procedures, tools, processes, and responsibilities for communicating with employees and other stakeholders?

Potential solutions

Your organization can take several steps to remain competitive during the COVID-19 pandemic, including:

- Conducting health and safety planning exercises and return to work preparedness assessments.
- In conjunction with your legal and regulatory counsel, reviewing guidelines established by the Centers for Disease Control and Prevention and ensuring compliance with Occupational Safety and Health Administration (OSHA) and state counterpart agencies' rules.
- Using data and analytics, including dashboards and other tools, to glean insights into how to adapt and respond to the continuing crisis.
- Establishing or updating existing crisis management planning, including emergency response and crisis communications plans.

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

SUPPLY CHAIN THREATS

As they grow more interconnected and complex, concerns around supply chains — and the risks presented by their disruption — are intensifying. Retail, food, and beverage companies are especially concerned with shipment delays, which can create product shortages, along with the need to diversify suppliers and fallout from new, longer vendor routes, which can contribute to product contamination and reputational harm.


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?
- Does your organization leverage tools to provide risk intelligence around your supply chain?

Potential solutions

You can build stronger and more resilient supply chains through:

- Mapping supply chains, including second- and third-tier providers and assessing potential threats.
- Reviewing the business continuity plans of third parties that provide critical products and services to your organization.
- Completing valuations of potentially catastrophe claims.
- Assessing your contingent business interruption exposures.
- Engaging in business continuity planning exercises.

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

CYBERSECURITY

With remote work becoming more commonplace, organizations must consider the heightened risk of a data breach or other cyber event. A breach of a company's operation systems or those of a supplier or vendor can cause a significant disruption. Purchasing ransomware coverage, meanwhile, is becoming more costly.

Questions to ask

- Have you identified critical applications and acceptable downtimes and data loss tolerances for applications?
- 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

As cyber risks grow in frequency and complexity, your organization can keep pace by:

- Assessing threats to data centers and existing controls.
- Ensuring you have a ransomware response plan to prepare for the threat of your data being held hostage.
- Quantifying key impacts from cyber-attacks to enable prioritization of resources.
- Engaging in cyber incident response planning and tabletop exercises, which can help address preparedness for ransomware attacks, data breaches, and other major cyber risks.
- 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.

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

BUSINESS INTERRUPTION

Physical and digital downtime — resulting from a number of events, including natural catastrophes, the breakdown of machinery, civil unrest, pandemics, and more — can leave businesses unable to operate and meet customer demands, thus hurting their bottom lines. Compounding this threat is the rising cost of insurance and narrowing availability of coverage.


Questions to ask

- Are you evaluating potential threats and failure points and implementing preventive activities?
- Do you have mitigation and recovery strategies in place for critical facilities, processes, and unique equipment?
- Do you conduct exercises that plan for the disruption and/or unavailability of key equipment and facilities?

Potential solutions

A holistic approach to managing business interruption risks can help companies better define their exposures and make smarter decisions to mitigate those risks, including via insurance programs. Your organization can take such an approach by:

- Assessing and modeling various threats, both physical and digital.
- Mapping value streams, which entails cataloging how material and information flows as products and services are delivered to customers.
- Assessing risks related to machinery and property, along with physical security threats.
- Assessing and quantifying business interruption exposures 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 

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 support alignment of resilience activities, identification of emerging risks, and continuous improvement?

Potential solutions

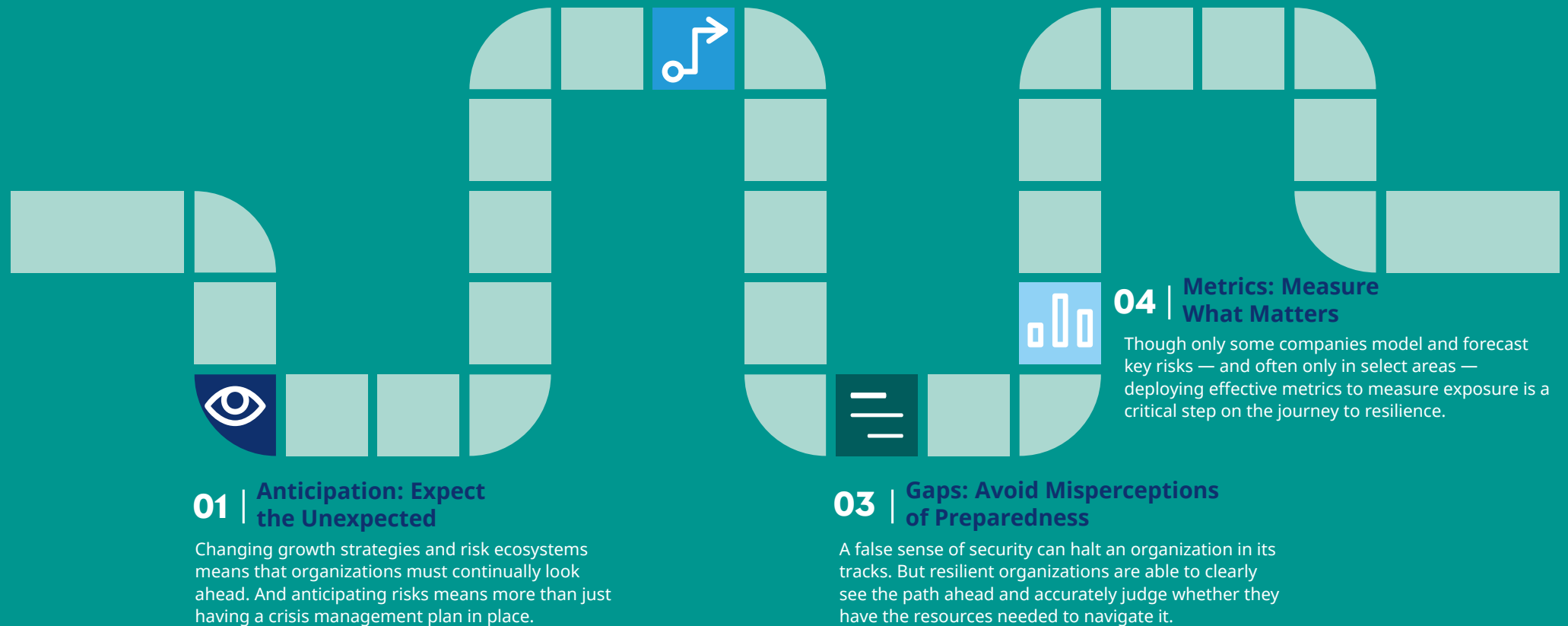
A detailed and comprehensive crisis management plan can enable organizations to quickly, effectively, and strategically respond to potentially catastrophic events and thus minimize resulting operational disruptions and financial losses. An effective approach to crisis management can include:

- Identifying, exploring, analyzing emerging risks and mapping them to your organization's specific business objectives and strategy.
- 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.
- 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.
- Tabletop exercises, through which you can walk through a potential crisis and identify areas for improvement before an event.

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

THE JOURNEY TO RESILIENCE

The path to resilience may be different for each retail, food, and beverage company. But the journey includes four primary steps:



01 | Anticipation: Expect the Unexpected

Changing growth strategies and risk ecosystems means that organizations must continually look ahead. And anticipating risks means more than just having a crisis management plan in place.

02 | Connections: Integrate Risk Management and Strategy

Organizations can move forward and mitigate their financial exposure, reputational damage, business interruption, and other losses by connecting risks to long-term strategy through a collaborative process.

03 | Gaps: Avoid Misperceptions of Preparedness

A false sense of security can halt an organization in its tracks. But resilient organizations are able to clearly see the path ahead and accurately judge whether they have the resources needed to navigate it.

04 | Metrics: Measure What Matters

Though only some companies model and forecast key risks — and often only in select areas — deploying effective metrics to measure exposure is a critical step on the journey to resilience.

HOW MARSH CAN HELP

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



Pandemics: We can deliver planning and assessment tools, dashboards, and more to help you better prepare, monitor your progress during a pandemic, and keep employees safe.



Physical and digital supply chain exposures: We can help you map supply chains, identify single points of failure, quantify cyber exposures, 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 or cyber event.



Business interruption risks: Our modeling tools, operational risk assessments, and more can help you map value streams, catalog physical security threats, and evaluate insurance and other risk financing options



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.

For more information, contact your Marsh representative or:

Scot Ferrell
Managing Director
Marsh Advisory
+1 415 743 8646
[**scot.ferrell@marsh.com**](mailto:scot.ferrell@marsh.com)

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



About Marsh

Marsh is the world's leading insurance broker and risk advisor. With around 40,000 colleagues operating in more than 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services. Marsh is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue over \$17 billion, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: Marsh, Guy Carpenter, Mercer and Oliver Wyman. For more information, visit mmc.com, follow us on LinkedIn and Twitter or subscribe to BRINK.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.