Signpost → Dependencies

"A door factory's stocks built up due to a long strike in the construction industry. Production has already been halted for two weeks."

A company's operation is dependent on many factors. Customers' changing needs or problems can cause disruption to business. Even temporary problems with deliveries from subcontractors can cause production downtime.

Many businesses have networks and supply chains. This means that their success depends to a greater or lesser extent on other companies. When assessing dependencies, you should look at issues such as the effects and results of disruption on your business. Problems associated with dependency can include failing to meet your delivery dates because your supplier has let you down, which in turn can lead to financial penalties or lost business. Disruption can also arise if a business partner or key employee has an accident or illness. Other causes of 'downtime' include raw material shortages, plant or machinery breakdowns, power cuts, fires, burglaries, manufacturing faults, a sudden fall in demand and strikes.

Downtime can eventually result in shutdowns, the loss of customers, lay-offs and even business closure.

Tips

- Examine situations and events that can lead to a short or long-term disruption in your operations, and look at events that are outside your control, such as strikes in other industry sectors and their effects.
- Insurance companies offer can cover you for the risk of disruption to production.

Useful links

Association of British Insurers
www.abi.org.uk

Health and Safety Executive Manufacturing pages
www.hse.gov.uk/manufacturing/index.htm