

Realization of Swift Solution to Full-Scale Business Continuity Needs in Japan Through the Deployment of Business Continuity Planning Services

Philip Morris Japan K.K. (PMJ) provides import/sale, marketing, and sales promotion services for the Philip Morris International cigarette brands in Japan. The Business Continuity Planning Services of NEC were introduced at PMJ with the aim of establishing a business continuity solution for Japan as a part of the Special Situation Management System (SSMS) - a global scope crisis management program that is being tackled in each country around the world under the leadership of the parent company Philip Morris International (PMI). In the very short period of time of under 4 months, NEC worked in close concert with all concerned departments including the human resources management, general administration, information systems, and logistics departments, and devised a business continuity plan. To firmly root the system in the organization with a higher degree of realism, initiative was taken to commence plan deployment. Future plans aim at the complete realization of a business continuity plan that is high in dependability through training of all employees, exercises that are premised on circumstances faced in an actual disaster and other activities.

Client Profile

Company Name: Philip Morris Japan K.K.
Date of Establishment: March 1985
Capital: ¥50 million
No. of employees: approx. 1,800
Head Office: Sanno Park Tower, 2-11-1 Nagatacho, Chiyoda-ku, Tokyo
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The Demand for a Global-Scale Solution to Verify Employee Safety was the Trigger

In recent years, many corporate executives have become keenly aware of the importance of crisis management to respond to criminal events including acts of terrorism and, of course natural disasters, and are taking steps to establish an organization to respond the needs of crisis management. At Philip Morris Japan, management called on the business continuity planning and consulting services of NEC, which responded with the preparation of a Business Impact Assessment (BIA), a Business Continuity Management (BCM) system and Business Continuity Plan (BCP), and implementation of the series of processes devised under the BCP ending with a “walkthrough” (desktop drill) on a project base.

“Philip Morris International (PMI), the parent of Philip

Morris Japan K.K. (hereinafter referred to as “PMJ”) has been moving forward with a cohesive global-scale system of responses to the diverse risks that confront today’s corporations, which it calls the Special Situation Management System (SSMS). In each country where our multinational operates, our parent has been promoting the preparation of schemes that include responses to the circumstances unique to each area. In Japan confirming employee safety in the event of natural disasters and other emergencies is an issue of the highest importance and urgency. Currently for PMJ which has a total of about 1,800 employees, the confirmation of employee safety relies on a manual and a conventional emergency contact network that is inadequate in the face of today’s realities. For this reason, PMJ began studying the deployment of a safety verification system that provides a reliable grasp of the safety of all our employees. In the course of this process, we launched a project and moved forward with the study of devising a BCP

in close coordination with the SSMS,” commented Ms. Ake-mi Nishihama on the background of the project.

As PMJ moved forward with these studies, it was decided to bring in a business continuity planning service, and the project officially commenced from March 2006 with Mr. Yoshiyuki Yoshida playing the central role in steering its progress. He spoke with us about the objectives and the scope of the project.

“Because of the necessity to first consider coordination with the global SSMS scheme and the differences in country circumstances, we commenced our project by setting the scope of our studies with the aim of devising the best possible BCP for Japan. With the employee safety verification system as our premise, our studies encompassed all of PMJ’s offices nationwide. And as you might expect in the study of such plans for Japan, one of the top requisites is the consideration of anti-earthquake measures, and the importance of responding to the risks of fire, power outages and other incidents that accompany such disasters. Because we can envisage great difficulties in business continuity in the event that our offices are cut off from instructions from Tokyo, we identified those functions that are essential from a business continuity perspective and evaluated the preparedness of our key business partners.”

More Realistic Planning was Achieved by Tackling This Project on a Company-Wide Basis

The project was undertaken on a company-wide scale with representatives from each section from information systems to marketing fully engaged in the process. In the pursuit of studies, investigations advanced toward a more realistic plan.

As was noted by Ms. Yoko Toyama who represented the information systems section in this project, “In the early stages in the IT Department, we had been focusing on the original development of a solution for system recovery in the event of a disaster. However, by aligning our efforts with the aims of the BCP project, we have been able to design a more concrete and realistic response. Because we were moving forward in close coordination with the various other departments, I could sense that both member recognition and participation in the project was somehow changed. Especially understanding of other departments was deepened, and through the process of discussion, we were able to clarify how best to prioritize the various steps for restoration of service, eliminate wasteful functions, and conceive back-up measures.”

Mr. Kazuhiko Sato also shared his views with us, remarking, “For Philip Morris International, Japan is a very important market. If our business here were to be struck by some catastrophic event, the financial impact for our company is

predicted to be huge. However, in the past, there has not been any development of a comprehensive solution to secure logistics and cash flows in the event such emergencies or to respond to disruption of the IT infrastructure which supports such business activities. I believe that one of the biggest benefits of this project has been our ability to obtain a sufficient grasp of the “people” and “functions” that are essential to realizing business continuity.”

Realized in the Short Period of Under 4 Months

With NEC’s consulting team providing their know-how and appropriate support to the nucleus of PMJ project members, the BCP was completed in the relatively short time of under 4 months.

A complete series of tasks including the setting of restoration targets, composition of the business continuity action team and related job descriptions, verification of business continuity response status of business partners, restoration process in the event of a disaster, development of a communications plan, review of the business continuity infrastructure and a “walkthrough” of a test scenario were performed.

“The strength of NEC business continuity consulting service is not only the know-how provided by experts with a wealth of experience, but also the support throughout the process and all the way to devising the BCP. Because NEC provides appropriate support and impetus for each phase, even PMJ - a company that has no previous experience with this process - completed it in a short time, enabling us to be among the first of the group companies in Asia to meet compliance.

“Also because this was a company-wide project, I became acutely aware of the very great importance of obtaining the cooperation of the other departments. Through the harmonization of the views of key sections and coordination of the work, we refined the plan itself. Also when it came to making sure that the BCP and Information Service Continuity Plan (ISCP) could be executed in concert, I believe that we realized a more realistic solution by confirming its effectiveness through the walkthrough,” added Mr. Yoshiyuki Yoshida.

Firmly Rooting the System in the Company through Employee Training and Exercises

Following the completion of the BCP, it is necessary to incorporate measures to facilitate review and revision, and to perform further education and training exercises for thorough indoctrination of the system.

PMJ will conduct further internal education programs in

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the future and perform exercises that actually apply the devised BCP. Through such activities, PMJ plans to achieve company-wide penetration of the BCP process.

“Through this project, I believe that we have established a truly comprehensive process for business continuity. However, in future stages with the aim of implementation on a company-wide level, it is necessary to promote understanding by each and every employee, and achieve thorough penetration. For example, by making internal corporate announcements and holding internal campaigns for the employee safety verification system, understanding can be deepened, and by conducting emergency drills and safety verification tests, the consciousness of each employee can be heightened. These are the kind of steps that we would like to take in the next phase,” concluded Ms. Nishihama.

PMJ’s response to the need for business continuity measures by implementation of all phases from establishment of the project and formulation of a company-wide BC plan with the coordinated efforts of multiple departments to the penetration of BC throughout the company by conducting “walk-throughs” is attracting attention as a approach that is blazing a trail not only in its industry but also in Japan overall.

FOCUS POINT

■ While coordinating with related departments, the formulation of a company-wide BCP that is consistent and synchronized with any existing manuals is realized.

□ Coordination with Concerned Departments

- At PMJ, the human resources department (with general administration functions) took a leadership role in setting up the system and organization for the project to formulate the BCP. As a result, an organization in which concerned departments throughout the company including the IT Department could participate was realized.
- When consideration of BCM commenced, a ranking of points of urgency covering all departments was performed and an internal consensus was obtained.
- In order to formulate a restoration flow of vital work, interviews of persons in concerned departments were performed, and a review of the business restoration flow was conducted, enabling the project to move forward in a smooth and coordinated fashion.

□ Consistency with Existing Documentation/Manuals

- While skillfully utilized in the study and planning, the existing restoration manual of the IT Department is being incorporated within the company-wide BCP activities. PMJ is continuing to tackle the challenge of formulating and refining its BCP to ensure fulfillment of function in a time of emergency.
- Regarding the emergency evacuation process, procedures consistent with the existing SDF/fire department-compliant manual were compiled.

By taking full advantage of NEC consulting services which span the full scope of BCP formulation, a concrete BCP for PMJ that is coordinated and consistent across departments and their group was realized in a very short period of time.

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