

Bord Bia's
Brexit Action Plan 2021

Business Continuity



SUMMARY OF ACTIONS

1. Understand your risk profile.
2. Understand your key risks, rank the risks and assign controls.
3. Identify which risks you can control and develop appropriate strategies to manage them.
4. Develop a risk response strategy.
5. Assess suitable risk transfer strategies to mitigate the risk exposure.
6. Monitor regularly to determine the progress and effectiveness of the preventative controls.
7. Escalate the significant risks to the board or suitable level of management.



Business Continuity & Emerging Risks

This focuses on key actions to help Irish food and drink manufacturers identify, monitor and manage risks to their business in the context of Brexit and other market challenges. It also provides tools that businesses can use to help manage risk more effectively.

Differing attitudes, interpretations and approaches to risk management have made way for unparalleled and collective concern in light of Brexit and the Covid-19 pandemic. There has never been a more important time for formal and tested risk management practices. There is a stark realisation that risk management will require a renewed focus, in terms of strategy, internal positioning and investment, in the weeks, months and years to come.

It requires a more cohesive approach, connecting all relevant risks to the overall company objectives and strategy. This aims to help with the setting of priorities, to ensure the success of strategy execution and to protect the interests of stakeholders.





Key tips for managing risks

Valuable lessons in risk management have been learned by the Irish food, drink and horticulture industry as a result of Brexit, and there's evidence that the industry has been better able to manage the impact of Covid-19 because of the actions it has taken to manage Brexit over four years. Nothing in business is risk-free, but there are certain things you can do to protect yourself against new threats and ensure you are not blind-sided by unexpected developments:



Assess your evolving risk profile by better understanding both existing internal risks and emerging external risks.



Gain greater insights into the risks facing your industry. Horizon-scanning can help you think about new threats to your own business that may not be immediately obvious. Attending thought leadership seminars and workshops can be an effective way of looking at and better understanding the bigger picture.



Take the opportunity to attend Bord Bia events to help deepen your insight and understanding of the industry.

Top three Brexit related risks:

According to the results of the Brexit Barometer 2019 and the Readiness Radar 2020, the top Brexit and Industry related risks for Irish food and drink manufacturers are:

1. Movement of food and drink products to markets to GB and EU

The early months of 2021 have brought new difficulties on moving food and drink into Great Britain, as well as through the landbridge to mainland Europe due to the customs requirements and Sanitary and Phytosanitary (SPS) checks. This is adding delays to this trade route and it is likely to continue as the UK introduce full customs formalities from January 2022 onwards. It is important that all food and drink businesses review supply chains and determine if going direct to mainland Europe via shipping routes is worthwhile.

2. UK consumer confidence

With the uncertainty brought by Brexit and fears about the stability of the UK economy, consumer confidence has slumped to a five-year low. The Bord Bia UK Consumer Pulse results in February found that 6 in 10 UK shoppers are not confident about their economic future. The impact of low consumer confidence means people are more conscious about spending their disposable income.

3. Competitiveness

Brexit may affect the competitiveness of Irish companies, particularly if competitors from non-EU countries increase access to and presence within the UK market. The impact of an increasingly competitive market could impact smaller companies. For example, if prices are squeezed and labour and production costs rise, cash flow could be impacted, as well as a reduction in margins and profits.

4. Calculated cost of customs formalities

The early months of 2021 has shown the complexity of the new customs formalities as well as the added cost that submitting customs declarations is causing companies. It is important that all food and drink businesses have calculated the cost of customs formalities as this is the new reality of the EU-UK trading relationship.

5. Managing Sustainability Pressures

It is apparent that Origin Green verified members are more aware and prepared for future sustainability risks. It is also very clear from the 2020 Readiness Radar data that Origin Green verified members are deriving value from the programme, with 98% stating that Origin Green is helping them mitigate sustainability risk.

Responding to new EU and national policies, emerging consumer behaviours and industry expectations emerging from Covid-19, Brexit, Diversity & Inclusion and other challenges will ensure that Origin Green continues to position Ireland's food and drink as a global leader in sustainable food production, acknowledged by trade and consumers alike.

6. Investing in Insights & Innovation

77% of Readiness Radar respondents stated that they invest less than 3% of turnover on research and development. Consumer and market insight and new product development are the lifeblood of industry growth and Bord Bia commits considerable resources to facilitating the development of innovation that opens fresh revenue streams in established and emerging markets. Food and drink manufacturers should put more emphasis on these areas to ensure they are in the best position to compete and grow in markets when considering the challenges Brexit will bring.

7. Attracting, Retaining & Developing Talent

60% of Readiness Radar respondents agreed that there are certain roles within the industry that are difficult to recruit for. In addition to this, 72% of respondents have not availed of the Agrifood Diversity & Inclusion Forum/ Origin Green Toolkit. Diverse input and new ways of thinking are essential in helping the industry to progress. Proactive Diversity & Inclusion (D&I) strategies will help firms to achieve this diversity of thought and approach, and is a viable solution to enable them to overcome recruitment challenges in the long-term. Brexit may also create opportunities within your business to create new roles, especially if you decide to cover customs formalities in-house.





Risk Management

Strong risk management improves organisational decision-making through evaluating, controlling and monitoring risks. There are new risks brought by the EU-UK Trade Cooperation Agreement (TCA), and each company needs to consider appropriate actions to manage these in a suitable way. This is dependent on the nature, size and complexity of the organisation, which will impact the response to managing risks.

There are three key steps that your business can take to ensure that it is effectively managing risk.

1. Understand your risk profile

The first step is to understand the risks facing your organisation. One approach would be to bring together key internal stakeholders from different functions and discuss the significant risks affecting the organisation.

To understand your risk profile, the following steps can be followed:

- Identify key risks that the organisation faces with a group of key stakeholders.
- Agree on the likelihood of each of those risks occurring and impact if that risk was to materialise.
- Use a risk register to capture risk information which shows the likelihood and impact of each risk (see diagram below).
- Assign 'owners' to monitor each risk going forward.
- Update the risk register regularly and monitor the movement of risks. Capture the current controls and future controls to be implemented for each risk.

Example of a Risk Register Example of a Risk Register

Identifiers		Risk Information	Inherent Risk Assessment Scores				Controls		
Unique Risk Id	Risk Description	Risk Owner	Likelihood	Impact	Risk	Date	Description Of Existing Controls	Effectiveness Assessment	Improvement Potential



2. Risk Control

Next is to understand which factors can be controlled.

To understand the control environment, the following steps can be followed:

- Assess whether the risks can be treated as an opportunity, or if they are unacceptable and therefore need an action plan.
- Focus on mitigation strategies for strategic, operational and compliance risks.
- Map current controls against your risks, and highlight which controls need to be executed or enhanced.
- Ensure that the risk register is on the agenda to review during internal stakeholder meetings to build alignment on areas of focus.

- Determine whether the controls to implement should be preventative or corrective.
- Regularly assess the quality and effectiveness of the controls.

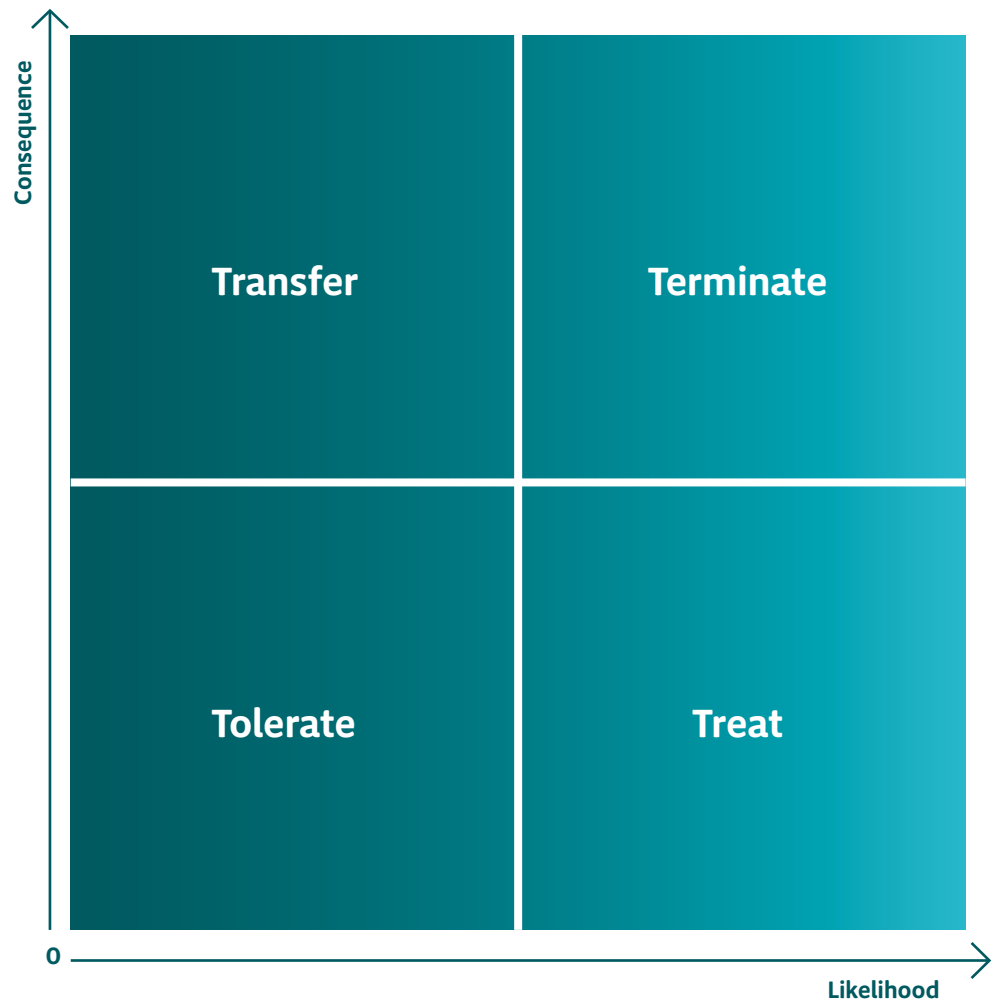
3. Risk Response

The third step is to consider the risk response. Use a risk map to provide an indication of the appropriate response strategy to each risk that has been identified. The range of responses available can be described as the 4Ts: Terminate, Transfer, Treat and Tolerate as demonstrated in the graphic below.

Terminate	Avoid the risk by terminating the activity
Transfer	Pay a third party to take the risk (e.g. insurance)
Treat	Contain the risk to an acceptable level
Tolerate	Accept the risk and take no further action

To mitigate risk, it is important to identify an appropriate strategy for each individual risk. The risks that are categorised as high likelihood and high consequence could cause major disruption to the organisation. The mitigation strategy for such risks should be to stop the process or introduce an alternative activity.





“Escalating the information to the Board or CEO builds awareness of strategic and operational risks facing the organisation.”

Risk Governance

The risk information captured in the previous steps should be reported up to a suitable level of management. Escalating the information to the Board or CEO builds awareness of strategic and operational risks facing the organisation. These risks should be linked to the strategic objectives of the organisation; this will ensure that if any those risks have a negative impact on the company’s strategy they can be managed in an appropriate and timely manner.

Putting the recommendations into action demonstrates accountability and good corporate governance. Over time this will increase stakeholder confidence in the organisation’s ability to manage and control risks, and ultimately will increase shareholder value.

Emerging Risks Checklist

Moving forward under the the new trading relationship with the UK, it is important to continuously monitor the risks the new challenges bring to your business.

The Irish food, drink and horticulture industry has had to withstand many shocks over the years. While an interruption event is always an immense challenge for business, dealing with the challenges such an event brings inevitably helps businesses to build resilience and be better prepared for the next curve ball. Companies who embrace risk management, at a level that is sensible and appropriate to their structure and size, will invariably be able to respond faster to a crisis, and reshape and recover more quickly than those who are unprepared as the crises passes.

The following emerging risk self-assessment checklist will help you take proactive measures to ensure risks are identified and managed in an appropriate manner.

	REVIEWED 'BUSINESS AS USUAL'	DRAFTED A PLAN FOR IMPROVEMENT	IMPLEMENTED CHANGE FOR POST-BREXIT PROOFING
Understand your risk profile.			
Understand your key risks, rank the risks and assign controls.			
Identify which risks you can control and develop appropriate strategies to manage them.			
Develop a risk response strategy.			
Assess suitable risk transfer strategies to mitigate the risk exposure.			
Monitor regularly to determine the progress and effectiveness of the preventative controls.			
Escalate the significant risks to the board or suitable level of management.			

Business Continuity Supports

Bord Bia Supports

Information on all of the Bord Bia supports listed below is available on the [Bord Bia website](#).

[Bord Bia's Readiness Radar](#)

Bord Bia launches an annual Readiness Radar, which is a risk diagnostic tool developed to assess industry thinking and performance around a number of priority risks and challenges. These include Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management. It enables Irish food and drink manufacturers to prioritise and assess their own company specific risks facing their businesses.

[Readiness Radar Gap Analysis Report](#)

Each client company that completed the Readiness Radar received a Gap Analysis Report. The Gap Analysis Report enables you to understand your risk exposure and level of preparedness across the six key challenges outlined in the Readiness Radar: Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management.

[Business Continuity Webinars](#)

As a part of Bord Bia's Covid-19 response, three webinars on Business Continuity took place focusing on payroll supports, protection from creditors, finance supports and cash flow management; supply chain and logistics issues; Government advice on return to work; and managing the changing operational environment.

The link to the each of the three webinars can be found under the Previous [Covid-19 Webinars webpage](#).

For more information on Bord Bia Covid-19 supports, please see [Bord Bia's Covid-19 Hub](#)

[Bord Bia Brand Forum Crisis Communications Webinar](#)

The objective of this Brand Forum webinar is to provide senior management teams with key principles, guidelines and protocols for crisis management.

How a business deals with a crisis can have significant legal, financial and reputational consequences.





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Riátas na hÉireann
Government of Ireland