

Business Continuity Plan (BCP): Making Your Company Resilient Against Outages

A Business Continuity Plan (BCP) is a documented contingency plan that ensures a company can maintain or promptly restore critical processes in the event of disruptions, outages or supply interruptions. In procurement and supply chain management, the plan often focuses on supplier failures, raw material shortages and production stoppages. For technical buyers, the BCP is a central instrument for organising supply security systematically rather than ad hoc. It thus acts not only as a crisis response but also as an element of a resilient procurement strategy.

Key facts

- A BCP defines which processes are critical, which outage durations are tolerable and how operations are maintained in the event of a disruption.
- In procurement, the plan typically focuses on supplier failures, alternative sources, safety stocks and emergency logistics.
- Metrics such as Recovery Time Objective and Recovery Point Objective make recovery times measurable.
- An effective BCP is tested regularly, e.g. through scenario exercises and disruption simulations.
- The plan should be closely integrated with supplier management, e.g. via supplier self-disclosure and the supplier rating model.
- Without updates, BCPs quickly become outdated; an annual review plus a revision after every real disruption is standard practice.

Definition: Business Continuity Plan (BCP)

The Business Continuity Plan is a structured action plan describing how a company maintains or quickly restores critical business and supply processes in the event of incidents. It operationalises the Business Continuity Management (BCM) strategy at an operational level. In procurement, the focus is on security of supply for materials, components and services.

Distinction from risk management and BCM

Risk management identifies and assesses threats at an early stage, while the overarching BCM framework sets objectives and responsibilities. The BCP translates both into concrete measures: who acts how, with which resources and by when? In procurement, the BCP complements the market model and market monitoring with an active outage plan rather than a mere risk overview.

Typical triggers for a BCP in procurement

Practical triggers include supplier failures, insolvencies, raw material shortages, natural disasters, logistics disruptions or IT outages such as the loss of critical systems from the order history and procurement data. Deliberate customer requirements, for instance in the specifications of OEM tenders, also frequently demand a documented BCP from the supplier. Such requirements are often

accompanied by evaluation criteria checked in the supplier audit.

Methods and approach: building a BCP in procurement

An effective BCP follows a methodical process: identify critical processes and parts, assess risks, define measures and test the plan regularly. For buyers, this means above all systematically mapping the supply of critical items and suppliers.

Assess criticality and outage risk

First, parts, suppliers and processes are assessed according to how severely an outage would hit production and revenue. Typical criteria are lead times, availability of alternative sources, sole-supplier share and the impact on capacity planning. Portfolio approaches are commonly used: high criticality and high supply risk lead to intensive measures, low values to standard processes. The results feed into the supplier rating model and ongoing market monitoring.

Second source, safety stock and emergency logistics

Core measures are second sources, agreed safety stocks, contractual supply commitments and documented emergency routes for transport and customs. In practice, the safety stock for critical items is often two to eight weeks of demand, depending on recovery time and inventory economics. When establishing second sources, a clear specification of requirements is important so that alternative suppliers unambiguously meet technical requirements and qualification processes.

Supplier-side BCP requirements and contracts

Buyers require their critical suppliers to have their own BCP, often via the supplier self-disclosure or a supplier audit. Contractually, obligations regarding alternative plants, early-warning times in the event of disruptions and priority commitments can be stipulated. Price mechanisms such as a raw material surcharge can also be linked to outage scenarios in this way, so that price adjustments during raw material shortages do not become an unplanned cost trap.

Key KPIs for the Business Continuity Plan

A BCP only works if progress and readiness are measurable. The following metrics have established themselves in practice as useful benchmarks; specific target values depend on industry and criticality.

Time and data targets: RTO and RPO

The Recovery Time Objective (RTO) specifies the time within which a process or delivery should be running again after an outage. The Recovery Point Objective (RPO) defines how much data or how many orders may be lost at most. In procurement, this translates into concrete requirements: safety stock, second-source availability and emergency logistics must realistically support these targets.

Supply and test coverage ratios

Further practical metrics include the proportion of critical parts with a documented second source, the proportion of BCP scenarios tested per year and supplier coverage with a valid supplier self-disclosure and up-to-date BCP commitment. Additionally, the average recovery time after real disruptions can be used as a learning metric. The cash-to-cash cycle time also reacts to outages when emergency purchases lead to longer payment and pre-financing periods.

Risks and controls: typical sources of error and countermeasures

In practice, BCPs often fail not because of a missing plan but due to poor maintenance, unrealistic assumptions or a lack of coordination with suppliers and logistics. Controls and clear responsibilities counteract this.

Plan decay and missing tests

A BCP that merely sits in a drawer quickly becomes outdated: contact details, capacities and alternative sources change. Control instruments are annual reviews, planned test scenarios and the obligation to revise the plan after every real disruption. It makes sense to anchor this in supplier master data maintenance so that BCP commitments, contact persons and alternative sites remain up to date.

Contractual gaps and cost control during disruptions

Contractual obligations regarding alternative capacities or early-warning times are frequently missing. Cost aspects are also overlooked: emergency purchases, air freight or extra shifts drive up process costs and can, through divergent payment terms, worsen the cash flow effect of payment terms. Predefined deviation approvals and a clear price deviation workflow are helpful, so that emergency decisions are made quickly but in a controlled manner.

Dependencies on sole suppliers and resources

Sole suppliers are often economically attractive but significantly increase outage risk. Countermeasures include second sources for critical parts, contractual capacity reserves or strategic stockpiles. In price negotiations, alternative sources can also act as a negotiating lever; additional insights are provided by a supplier energy audit when energy shortages or prices could destabilise the supplier's location.

Current developments: supply chain, digitalisation and sustainability

Requirements for business continuity are rising: more complex supply chains, geopolitical risks, energy price volatility and new regulatory obligations increase the pressure for documented outage preparedness. Digitalisation helps keep the plan up to date and ready for use.

Regulatory requirements and supply chain due diligence

Supply chain due diligence laws, reporting obligations and product safety requirements increasingly demand transparent supply chains. A BCP can leverage this transparency, as both topics systematically capture supplier risks and alternative sources. Compliance with regulatory obligations such as the Packaging Act (VerpackG) is important for emergency logistics; specific legal assessments should be reviewed with experts on a case-by-case basis.

Data governance, systems and digital early-warning indicators

Digital tools facilitate the ongoing monitoring of delivery dates, capacities and market indicators. The prerequisite is clean data governance: who may see risk and BCP data, and how are supplier information protected? Catalogue management for critical items also benefits, because alternative sources and approval statuses are found more quickly. Early-warning signals from market monitoring and supplier communication can thus be fed into the BCP systematically.

Typical metrics

Recovery Time Objective (RTO): depending on criticality

Target time for restoring a process after an outage, e.g. hours to weeks

Proportion of critical parts with a second source: typically > 80 %

Proportion of items classified as critical with a documented alternative source

BCP scenarios tested per year: typically 1–2 scenarios

Number of tests or tabletop exercises carried out per year

Average recovery time after a disruption: benchmark depending on industry

Actual time required to restore supply, compared against RTO

Practical example

A medium-sized mechanical engineering company with around 400 employees suffered a production stoppage of several weeks after a fire at its sole supplier of cast housing components. As a result, the company built up a structured BCP for its critical A-parts.

- Classification of all parts by criticality and supply failure risk, starting with around 60 critical items
- Establishment of second sources with a clear specification of requirements and qualification process for three cast component families
- Agreement of safety stocks typically covering four weeks of demand plus early-warning obligations in the supply contract
- Annual BCP tabletop scenario with sales, procurement and logistics, including documentation of results

Conclusion

A Business Continuity Plan turns supply and production risks into an orderly course of action. For technical procurement, it is not an isolated safety document but is integrated with supplier selection, contract design, stock levels and capacity planning. Decisive factors are measurable targets such as RTO and RPO, regular tests and up-to-date supplier data. Those who systematically safeguard critical items reduce downtime, emergency purchase costs and negotiating disadvantages. A well-maintained BCP thus becomes a visible quality marker vis-à-vis customers and auditors.

Frequently asked questions

What is a Business Continuity Plan in simple terms?

A Business Continuity Plan is a contingency plan that describes how a company maintains or quickly restores key processes in the event of outages or disruptions. It defines responsibilities, fallback solutions and recovery times. In procurement, it primarily safeguards the supply of critical materials and supplier services.

What belongs in a Business Continuity Plan?

Typical components include a list of critical processes and items, risk assessments, measures such as second sources and safety stocks, contact details, recovery times (RTO/RPO) and communication routes in the event of a disruption. Test and update rules are also important. In procurement, this also includes integration with supply contracts and supplier requirements.

How often should a BCP be reviewed?

In practice, an annual review has proven effective. In addition, the plan should be updated after every real disruption, after significant supplier changes or after organisational changes. Planned test scenarios show whether assumptions about stock levels, capacities and recovery times still hold true.

What is the difference between BCP and Disaster Recovery?

Disaster Recovery usually refers to the restoration of IT systems and data after an outage. The Business Continuity Plan is broader in scope and covers all critical business processes, including production, logistics and procurement. Disaster Recovery can therefore be understood as a subset of the BCP.

How do you implement a BCP in procurement?

First, critical parts and suppliers are identified and assessed according to outage risk. Building on this, measures are defined such as second sources, safety stocks, contractual early-warning obligations and emergency logistics. Finally, responsible persons are named, KPIs such as RTO are defined and the plan is tested regularly.

What role does the BCP play with suppliers and in audits?

Many OEMs and major customers expect their suppliers to have a documented BCP, often verified via supplier self-disclosure or audits. A verifiable plan therefore improves the supplier's position in the supplier rating. Suppliers should align their BCP with customer requirements and keep relevant evidence available.