



# Supply Chain Resiliency

*Using C-TPAT to assure Continuity of Operations*

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# What is C-TPAT?

## Customs Trade Partnership Against Terrorism

- A joint government – business initiative
  - Supply chain security profiles are validated
  - Customs visits local & foreign destinations
  - Provide feedback & recommendations
  - Assign a “tier” to company
  
- C-TPAT investment began in 2002
  - Toyota was one of the first companies to join program.
  
- Benefits for validated companies
  - Reduced cargo exams
  - Front of line treatment



# Business Recovery Plan

- **Critical Functions List**

- Import clearance of vehicles
- Import clearance of parts



- **Establish communication with broker**

- Toyota site inaccessible – Alternate location
- Status of shipment arrivals and clearances
- What documents/data needed for next 3 days
- Alternate communication channels

# Business Recovery Plan

## ■ Contact Toyota IS Department

- Determine accessibility of mainframe computer and status of data transmission from parent company in Japan.
- Check status of data transmissions to broker and re-establish if interruption took place.
- Recover required files from server back-up tapes if necessary.



## ■ Contact A/P & Treasury departments

- Confirm system for ACH payments is operational.



# Business Recovery Plan

- **Contact shippers and export clients**

- Make contact with affiliates in supply chain to advise of situation and arrange alternate document/data delivery.

- **Regular updates to plan**

- Living document
- Update history
- Scheduled review/revisions



# Now what?

- Business Recovery plan is in place.



However . . .

- Does the plan fully address business resumption?
- C-TPAT membership & benefits are good, but does that alleviate supply chain disruptions?
- How will C-TPAT benefits be satisfied when Customs is only one part of the supply chain process?
- Need key supply chain partners to work with us on a new plan.

# Supply Chain Resiliency Initiative:

## *The Strategy*

- Initiate a collaboration between Project Leaders & TLS and NAPO Business Continuity Divisional Liaisons
- Identify unique supply chain vulnerabilities
- Create a plan to address business continuity during & after port and border closings
- Conduct a joint tabletop exercise
- Initiate a “Best Practices” presentation to external partners including DHS.



Cougar Ace July 2006  
MAZDA CORP.



# Project Purpose

To guarantee the C-TPAT investment and assure continuity of operations by prompting a collaboration between International Customs, Business Continuity and key TMS supply chain organizations.



## Consider this scenario . . .

*Customs detected explosives in the trunk of a vehicle discharged in Baltimore and ordered all Ro-Ro vessels to be anchored off shore for 3-4 days?*

When the vessels are allowed to enter the port:

- Will there be enough space to discharge multiple vessels in a compressed time frame?
- Will an off site yard be necessary for staging over flow vehicles?
- What special delivery arrangements will be made with dealers?
- How will our export shipments be impacted?



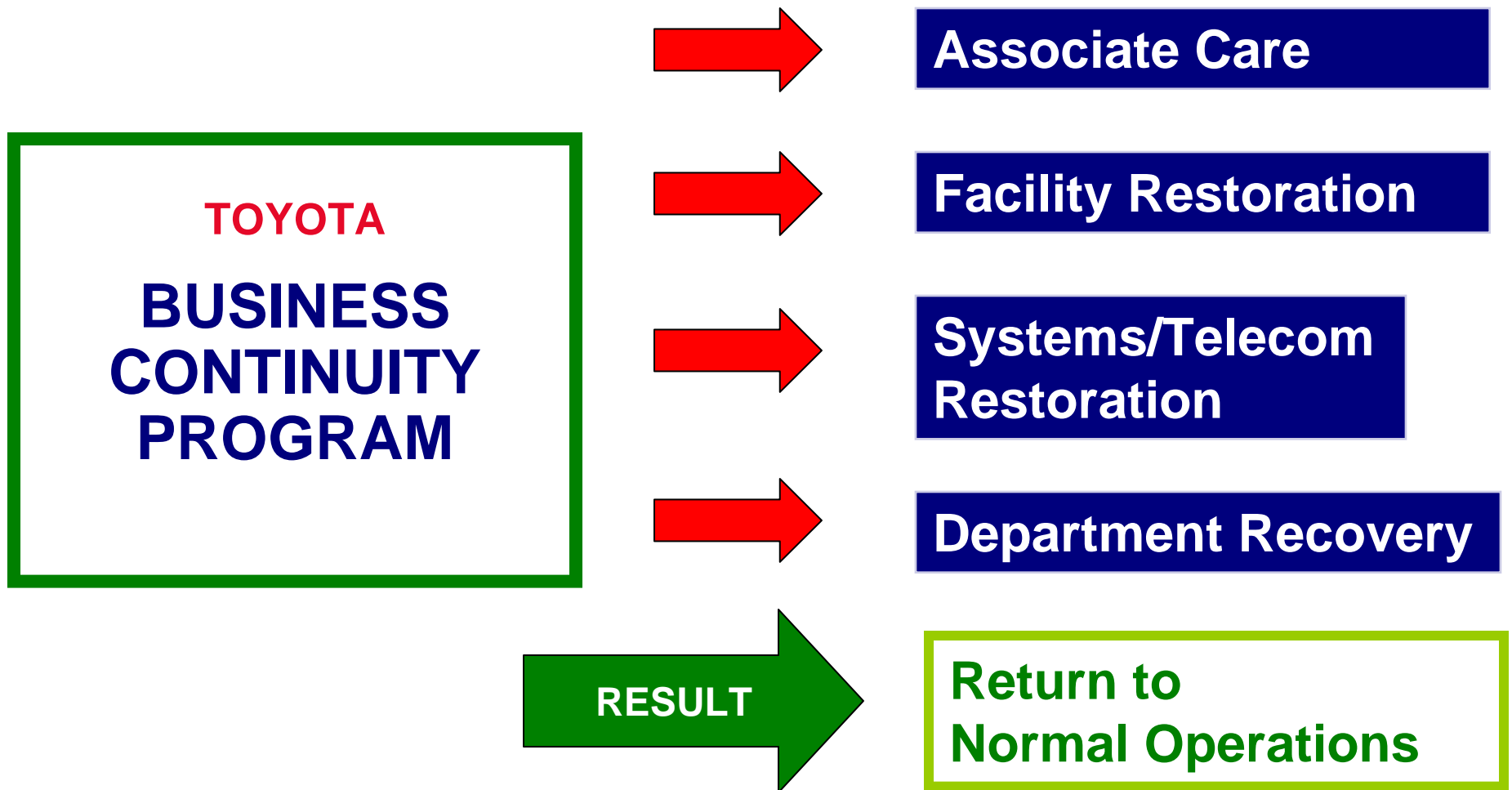
# What if . . .

*What if an ocean container exploded in the port of Houston and Customs immediately closed all ports of entry for 1 week?*

After the ports re-opened:

- How will containers will be prioritized for delivery?
- Would we need to increase the volume of air shipments to compensate for these delays?
- What will NAPCC do to accommodate additional container deliveries?
- How will TMS mitigate the impact on our dealers & customers?

***Our Mission:***    **Assure Sustainability**  
***Our Goal:***        **Business Resiliency**



# Project Leadership Team

- Business Continuity
- International Customs
- Toyota Logistics Services “TLS”
- North America Parts Organization “NAPO”
- External Consultant – Disaster Survival Planning Network



# Expected Outcomes

- Workable plans
  - Process efficiencies
  - Profit enhancements
- Agile key players
- Enhanced acceleration post-interruption
- Closer collaboration between internal supply chain partners
- Pre-positioned arrangements with external supply chain partners



**NET RESULT? High level quality assurance & improved resiliency**

# The Roadmap



- Conduct a gap analysis by evaluating the information gathered from internal and external stakeholders.
- Introduce planning assumptions based on two scenarios:
  - Port Closures
  - Border Closures “Regional”
- Create a plan that addresses the warning, response and recovery stages.
- Conduct tabletop exercises with NAPO and TLS project participants.
- Finalize plan and share with TEMA/TMC affiliates, as appropriate.
- Initiate a “Best Practices” presentation to external partners including DHS.

# Project Timeline



- **Q4 – 2006**
  - Initiate Project
  - Obtain management buy-in
- **Q1 – 2007**
  - Engage Participants from NAPO and TLS
  - Develop survey
  - Create collateral informational materials
- **Q2 – 2007**
  - Distribute collateral material & survey to internal & external stakeholders
  - Analyze survey responses
  - Develop planning assumptions
- **Q3 - 2007**
  - Create a plan that addresses the warning, response and recovery stages.
- **Q4 2007**
  - Conduct tabletop exercises with NAPO and TLS project participants
  - Finalize plan. Share it with TEMA/TMC affiliates, as appropriate.
- **Q1 – 2008**
  - Initiate a “Best Practices” presentation to external partners including DHS.