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B2E Case Study 9 "Production Disruption"

Mr. Biggs and Donna were meeting when Wally rushed in to announce that Japan had just suffered an enormous earthquake and tsunami. He reported horrendous widespread damage.

The group turned on the news to see what they could learn. They heard that the Fukushima Dai-ichi nuclear power plant, not far from their subsidiary, had been damaged, and there was threat of a nuclear meltdown and subsequent high radiation.

Wally reminded them that Nakamura Industries had developed emergency procedures covering most catastrophic events, but expressed doubt about handling a double disaster. Mr. Biggs assigned the group to contact their Japanese colleagues for more information. Mr. Biggs scheduled an emergency-planning meeting for late Saturday afternoon to present their findings.

At the meeting, Tina reported that though there had been some structural damage to the physical plant, it would be possible, with minor repairs, to be up and running again at 100% in about a month. Paul reminded Tina that Nakamura's suppliers had all been destroyed by the tsunami, so operations there were still compromised.

Tina objected that she had worked long and hard to win that contract with Nakamura Industries and felt a loyalty to stay on Japanese soil. She said that this would be a good way to help the Japanese economy get back on its feet. Wally interjected that Nakamura observed "just-in-time" business policy, so there was now no excess inventory to fulfill current orders to clients.

Donna reminded them all that the nuclear disaster with its radiation plume was a big consideration. She stated that possible radiation exposure to their workers- still an unknown factor- was of paramount concern. She said employees had become fearful of the fallout, and there was concern that nuclear plant officials and the Japanese government might not be forthcoming on all information regarding the safety issues.

Wally reported that some international corporations were airlifting their citizens out of the country to places like Singapore and Hong Kong. Paul replied that chartering a jet would incur enormous expense. He further advised that there would also be an issue with acquisition of jet fuel upon departure because of fuel shortages in Japan.

Donna stated that employee safety was first and foremost consideration. She said that if the radiation threat reached the worst-case scenario it could be years before B2E could operate in Japan.

As Mr. Biggs sat and listened, he thought about how unfortunate it was for B2E to pull out of Japan just after beginning to see a return on their investment. He pondered the need to stay flexible, and possibly use the opportunity to expand B2E's supply chain resources.

What would you say? What would you do? How could you be most effective?



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