

MICRO ENTERPRISE ESTONIA

The risk story 1



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Micro enterprise from Estonia

Context of the Company and the Supply Chain

Founded in 2011 Company X operates as B2B and B2C: it supplies hotels, restaurants, and cafés as well as private customers with gourmet pastries. Company X also provides catering services, organizes culinary classes, and a small retail coffee/cake area (2 tables in bakery).

Company employs nine culinary professionals and maintains the bakery in Tallinn central district.

Company X produces baked goods from raw ingredients, packs, and delivers them to end-clients. Most ingredients are bought locally from wholesale companies, though some baking ingredients and packaging materials are bought from Germany.

Orders received via website or e-mails. Online shop offers 66 goods plus seasonal/holiday offers, and on average orders are available for pick-up within two days.

Goods are delivered to customers by bakery employees, Wolt delivery service (online application), as well being available for pickup at the bakery. To address COVID-19 situation, contactless pickup service was offered to clients.

Digitalization of SC

The supply chain is fully digitalized: ingredients and packaging materials are bought via online orders, and clients place their orders via online shop or via e-mail. Private customers also can place their orders via Wolt application.

Risk Management

At the moment Company X has no established and formalized risk management plan. The owner believes that there is no need to develop a risk assessment and mitigation strategy since Company X is small, dynamic, and flexible.

Practice of Risk Management: If a risk situation occurs, then adjustments to operations can be made quickly depending on the type of risk. The company owner is solely responsible for risk management and mitigation and feels confident about having sufficient skills and expertise.

Risks: currently management focused on mitigation of COVID-19 related risks.

- Operational risk. To protect people, a contact-free policy was established: the bakers work in shifts in rooms separate from each other, and do not come into contact with customers and couriers. To eliminate contact with customers and couriers, several measures were taken:
 - Coffee area was closed;
 - Order pickup policy was established: payments can be done only online, then order is ready upon the call of the courier, and it is left for pickup at the counter.
- Financial risk. To minimize financial risks, the working hours were reduced, and a rent discount was negotiated with the landlord.
- Market risk. Company experienced a decline in overall demand and faces new types of demand. For example, the bakery reconsidered its market strategy: smaller size orders that were previously declined are now being accepted and closer cooperation with the delivery service Wolt was established. New product offerings were developed to meet new types of demand: Smaller size cakes were offered for private consumers; special offers were developed for Wolt application consumers; currently, online cooking classes are in the testing stage.
- Cyber risk. Company management believes that cyber risk is irrelevant to its business activities and company size.
- The COVID-19 related risks are associated with personal safety and a sharp decline in demand. Company is doing its best to ensure staff safety and restructuring offers to the new type of demand. As a result of such activities, the number of private orders is steadily growing and has exceeded the pre-COVID-19 level. Unfortunately, private orders cannot make up for the loss of corporate orders (café, restaurants, hotels, and corporate events) but has allowed Company X to survive the crisis.

Benefits of risk management: Company X does not believe in formalized risk management and is practicing a problem-solving approach which allows operation flexibility.