

# Contingency Plan for Revenues of the Microbial Resource Research Infrastructure MIRRI – a European Research Infrastructure Consortium (MIRRI-ERIC)

(MIRRI-ERIC Contingency Plan)

January 2016 – Version 1



## Contingency Plan for Revenues of the MIRRI-ERIC

Unexpected factors and external risks can undermine and delay MIRRI's ability to achieve the envisaged objectives. Recognizing potential risks, identifying mitigation options and articulating contingency measures enhance MIRRI's ability to react to problems and to reduce their probability of occurrence.

The first contingency plan is based on the actual business plan (version November 2015) and evaluated the risks as well as the possible mitigation and contingency plan. MIRRI followed the definition that within the risk mitigation actions will be identified, which can be taken in advance irrespective of the occurrence of risk. MIRRI expects to mitigate those risks as well which are outside the risk threshold to avoid an occurrence at a later stage. By applying the mitigation plan, MIRRI can reduce the probability of impact of the identified risk. Within the contingency plan actions are defined, which can be initiated after the warning signs indicate rapid intervention. Contingency actions are MIRRI's fall-back plan to control the impact as risk event looks like occurring.

Major risks have been identified, which can be comprised in two categories as following:

### Input risks:

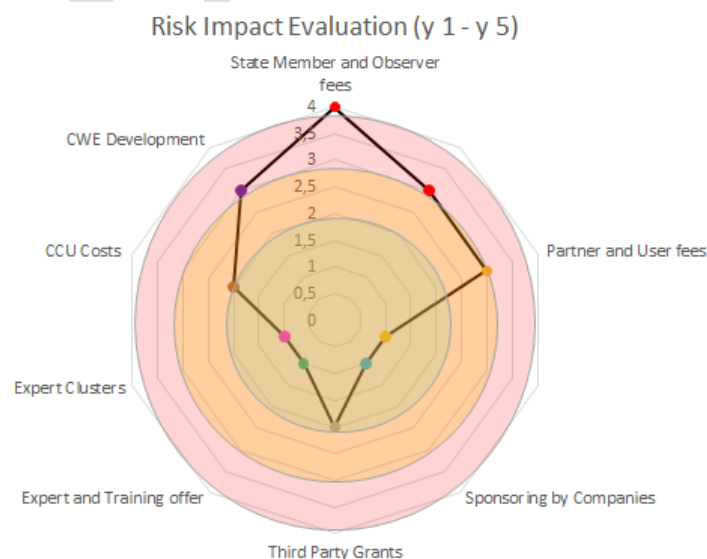
1. Insufficient contributions by Members and Observers
2. Insufficient fees from Partners and Users
3. Insufficient funding by Third Party Grants

### Implementation risks:

1. Higher CCU and network implementation costs
2. Delayed CWE development
3. Failed service concept (expert cluster and training)

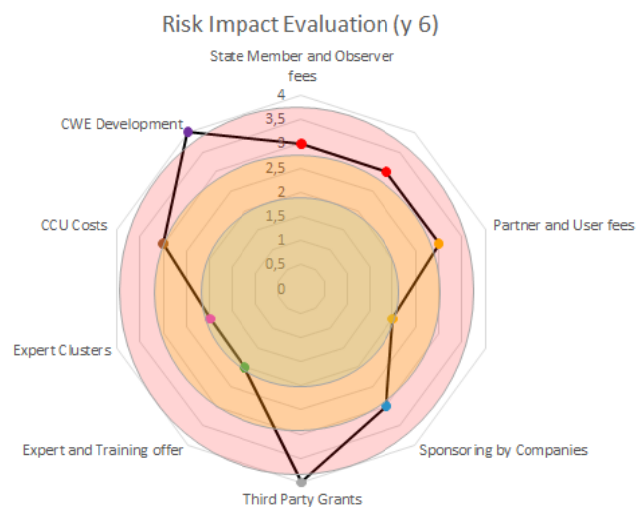
## Risk impact evaluation

As the MIRRI construction phase is defined of two parts, the first 5-years-term and the ongoing term beginning with the 6<sup>th</sup> year of operation, the risk evaluation was divided in two parts as well.

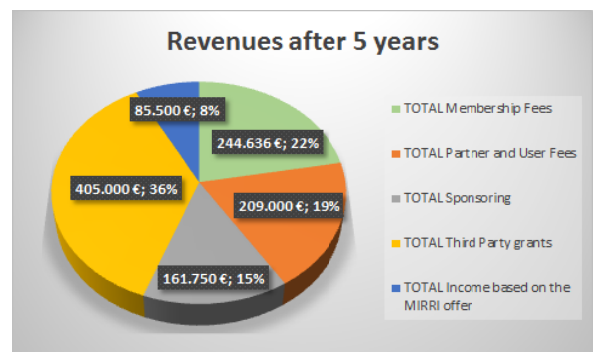


The examination of the risk impact within the first 5 years indicated that the contributions from Members and Observers, the fees from Partners and Users as well as the development of the MIRRI CWE represent the most critical risks. This leads to a concentration of risks on 3 income sources, two of them highly depending on each other (CWE development and Partner / User Fees).

In the second period of the MIRRI implementation, beginning with the 6<sup>th</sup> operational year, the risk evaluation shows a shift towards a broader dispersal of risks. The development of the MIRRI CWE and funding from Third Party Grants will then become the most vital risks for MIRRI, whilst the burden imposed by the other risks like contributions from Members and Observers, fees from Users and Partners and sponsoring by companies constitute a more distributed risk and thus reduce the individual probability of occurrence.



The risk evaluation reflects that if the MIRRI revenues will be opened up within 5 years into a broader range of income sources, this means in addition a spread of risk, mainly the most vital risks.



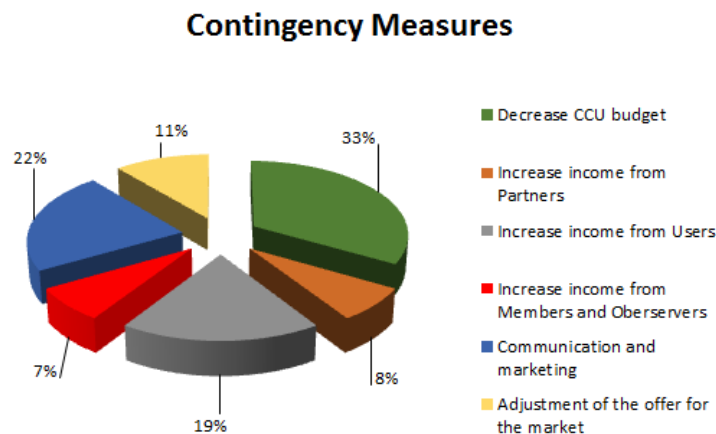
It is significant, that whilst member contributions will decrease and service based revenues and grants depict increasing revenues, the impact of implementation risks become more important.

Recognizing this, MIRRI must make every endeavour from the first moment on to reduce the implementation risks with a rigid project and budget management.

MIRRI will conduct a financial risk analysis that will inform the Members about the probabilities and consequences of potential incidents to the nominal work plan and financial arrangements. Thus the costs for the MIRRI CCU and all MIRRI operations must be monitored by an always up-to-date, bottom-up planning, controlling, reporting and steering system. Early-warning systems and tools for short-term reactions (monthly, in crisis times weekly) should be implemented. They should give instant indication of deviations in cost and schedule, demand rapid but well-considered counteractions and give quick feedback about their effectiveness.

### Contingency measures

Besides the mitigation actions as a response strategy to avoid the appearance of risks, the evaluation depicts contingency measures to respond on occurring risks. The most obvious one was reducing the CCU costs, which must always be seen in the context of existing contracts, and an immediate communication and promotion of MIRRI the objectives and benefits. In contrast increasing fees from Members, Observers or Partners apparently are not the very promising measures.



In addition to the mitigation and contingency plan, the MIRRI business plan offers two possibilities, applicable as compensation for decreasing Member fees and for all risks.

1. For the first 5 years the annual surplus with the envisaged 40% reserve fund for investments in MIRRI could be defined as contingency budget. The terms under which they can be released for the mitigation of occurring risks, should be agreed in advance in the General Assembly and will be describes in the Rules of Operation. The executive director of MIRRI should have delegated authority to use the reserve fund as contingency budget for mitigating risks within pre-defined limits.
2. According to the Statutes all Members and Observers have the possibility to fulfil their contribution paid or given in goods, commodities, or services instead of money. In case of shortage in governmental budgets, a reduction of CCU costs, which seems to be in occurring financial risks an effective instrument, can be obtained by in-kind contributions and compensate missing financial contributions.

**Table for MIRRI Financial Risk Evaluation**

Risk Element	Description	Mitigation Plan	Contingency	Impact (year 1-6)	Impact (year 6 ff)
State Member and Observer fees	Lower number of members and observers than expected.	Develop a foresight plan based on the membership terms of each member and start negotiations for continuation of membership one year before the expiration of the term. Develop a strategic dissemination plan for new Members and Observers.	- decrease CCU budget - increase revenues from Partners and Users - active attempts to convince members and observers to join the MIRRI RI	Vital	high
	Lower fees agreed in Assembly of Members.	Develop a continuous communication plan with regards to the financial situation in the Member and Observer countries as well as their benefits arising from their membership at MIRRI.	- decrease CCU budget - increase income from Partners and Users - active attempts to convince members and observers to keep or increase contributions	high	high
Partner and User fees	Lower number of Partners and Users than expected.	Dissemination plan and market demands must be systematically coordinated to develop MIRRI alongside the needs of users and partners and to address them adequately. The service and performance spectrum of MIRRI as well as the satisfaction of Partners and Users will be continuously evaluated and adjusted.	- decrease CCU budget - increase income from other sources like sponsoring and training - emphasize in campaigns the intrinsic value of MIRRI Partnership	high	high
	Lower fees due to market response.	Keep market relation in continuous observation and give progressional information on the economical significance of MIRRI Partnership.	- decrease CCU budget - increase income from other sources like sponsoring and training - emphasize in campaigns the intrinsic value of MIRRI Partnership	low	medium
Sponsoring by Companies	Lower number than expected.	Evaluate continuously the benefits of sponsoring efforts in MIRRI and promote the economical potential of sponsorship in MIRRI.	- intensify company communication and outreach - decrease CCU budget	low	high
Third Party Grants	Rejection higher than expected. Number of Grant applications lower than expected.	Intensive linkage program to other RI projects and funding bodies. Training of CCU staff in fundraising and grant management.	- intensify linkage to other RI projects - lower CCU budget - intensify search for potential calls - widen the partner group to enhance application chance	medium	vital
Expert and Training offer	Lower number of students. MIRRI academy concept fails.	Training program will be developed between mBRCs, universities and professional development associations to attract many addressees and to offer a well elaborated training	- intensify search for students - propose attractive curricula, tailor made for CPD - lower CCU budget	low	medium
Expert Clusters	Lower number of expert clusters and lower response of experts.	Evaluate continuously the benefits of participating as an expert in MIRRI and promote the knowledge increasing as well as economical potential of expert clusters in MIRRI.	- decrease CCU budget - intensify search for potential experts - evaluate with Partners market gaps to step in with an expert cluster	low	medium
CCU Costs	Costs of CCU will increase due to increased work load, technical and infrastructural operation costs or general personnel costs.	Continuous budget control and communication of financial status to Members and Observers. Taking measures at an early stage if increasing costs arise or will be expected.	- decrease CCU budget - evaluate contingency measures acc. individual cost situation	medium	high
CWE Development	The development of the CWE will be delayed. Thus services can not offered to Members and Users.	Stringent project management and progress monitoring.	- design changes - shorter development sections - contractual penalties	high	vital