

Risk Management Analysis at Chiller Cafe Using the Business Impact Analysis Method

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Abstract. This research aims to find and analyze the main risks at Chiller Cafe, a popular MSME in Tasikmalaya which sells food and soft drinks as its main products. Risk management is essential for businesses, especially in service industries like cafes. This research found priority risks that could have a major impact on the continuity of business operations. This research used the Business Impact Analysis (BIA) method. To collect data, this research used a qualitative approach involving observations and interviews with co-founders and employees at Chiller Cafe. The three main risks found were in the areas of customer service, digital marketing, and human resources. In the service sector, risks relate to unresolved customer complaints and decreased service quality. In the marketing sector, risks are associated with suboptimal digital campaigns. In the human resources unit, there is a risk of work accidents and employee dissatisfaction. To reduce the effects of each risk and maintain company sustainability, an effective risk management approach is needed.

Keywords: business impact analysis, café, risk management.

Introduction

Risk management is a critical aspect of ensuring business sustainability, especially in the culinary industry, such as cafes. In general, risk management is defined as the process of identifying, analyzing, and managing risks to minimize their negative impact on an organization (Hubbard, 2020). As businesses that often face uncertain conditions, cafes need to identify and mitigate risks and address potential negative impacts that could affect their operations. In the context of business, operational risk refers to risks arising from failures in internal processes, systems, or external factors that may hinder the achievement of organizational objectives (Frigo & Anderson, 2011).

Chiller Café is a culinary business that is not immune to uncertain business conditions. Located at Jalan Ahmad Yani No. 88, Tasikmalaya City, the café enjoys a strategic location accessible by vehicles. It features a modern interior design, a welcoming ambiance, warm lighting, comfortable seating, and options for indoor and outdoor spaces. These qualities make Chiller Café a comfortable gathering place with a relaxed atmosphere suitable for socializing or working. Additionally, the café offers appealing food and beverage menus priced under IDR 25,000, making it a favorite spot for both Tasikmalaya residents and tourists. Therefore, Chiller Café must identify and mitigate risks or potential issues that could negatively impact its operations to maintain its sustainability and competitive edge in an increasingly tight market.

Business Impact Analysis (BIA) is an analytical technique that helps identify and evaluate the potential impacts of disruptions on critical business processes. ISO 22301 emphasizes the importance of BIA in understanding the financial and reputational impacts on businesses, aiding organizations in creating effective recovery strategies for core operations. BIA identifies critical functions in a café, evaluates the impacts of disruptions, determines Recovery Time Objective (RTO) and Recovery Point Objective (RPO), and

develops recovery strategies based on priorities. According to Smith (2020), BIA enables businesses to identify key activities and assess the potential impact of disruptions.

The BIA process begins with identifying the most critical business processes. In *Methodology for Business Continuity Planning*, Akhtar Syed and Afsar Syed (2004) outline several steps in the BIA process: (1) defining BIA objectives, scope, and assumptions; (2) identifying business functions and processes; (3) assessing financial and operational effects; (4) identifying critical processes; (5) assessing Maximum Tolerable Downtime (MTD) and prioritizing critical processes; (6) assessing the impact on non-IT resources; (7) determining RTO, RPO, and workplace procedures. BIA helps cafes understand the recovery time required and the extent of risks that can be tolerated before resulting in losses. The analysis includes financial impacts, such as revenue decline, and non-financial impacts, such as loss of customer trust or reputation damage. By analyzing these potential impacts, cafes can understand the losses they might face if a function is disrupted and determine the significance of each risk to business continuity. This analysis also enables the development of more effective mitigation strategies. Research on risk management in the café sector highlights that cafes often face risks related to market demand fluctuations, supplier dependencies, and changes in local regulations (Benson, 2019).

Using the Business Impact Analysis method, this study aims to identify and analyze operational risks faced by Chiller Café. The initial stage involved identifying subjects through reviews on Google Maps and Chiller Café's social media. After forming initial assumptions, semi-structured interviews were conducted with the co-founder to gain detailed insights into field conditions. Based on the interview results, the study proceeded with BIA to analyze potential threats and consequences of operational disruptions at Chiller Café. This analysis includes mapping key operational processes, identifying the most significant risks, and evaluating the impacts of such disruptions. Consequently, café management will gain a clear understanding of the most critical risk mitigation actions

Methods

This research employs a descriptive qualitative method with a risk assessment framework based on ISO 31010's Business Impact Analysis (BIA) to understand operational risks at Chiller Café and their potential impacts if disruptions occur in its business processes. This method was chosen because the descriptive approach is suitable for providing a detailed depiction of risks in the context of daily operations by gaining a deep understanding of the experiences and perspectives of informants. As highlighted by Moleong (2007), exploring individual experiences within specific contexts is essential. Additionally, the BIA framework aids in identifying the impacts of business disruptions and determining the necessary recovery steps. In this study, data triangulation was used to compare various data sources to ensure the accuracy and credibility of the research findings (Denzin & Lincoln, 2011).

Data collection was conducted through semi-structured interviews and direct observation, allowing flexibility in gathering information related to risk management at the café. Informants were selected using purposive sampling, focusing on the owner, operational manager, and key employees with in-depth knowledge of daily activities and risks encountered. Relevant internal documents related to Chiller Café's operations and risk management were also analyzed to provide a broader understanding.

The validity of the data was examined through triangulation by comparing interview findings, observations, and documents, as well as conducting confirmations with informants to ensure interpretations aligned with reality. This approach aligns with similar methods in Business Impact Analysis research in other sectors, where interviews and document analysis are utilized to identify threats and mitigation strategies (Chandrawati, 2014).

Result and Discussion

This research begins by gathering information through interviews with the owner, employees, and visitors of Chiller Café to gain a comprehensive understanding of the business flow and service processes at Chiller Café. This information is then processed using the Business Impact Analysis (BIA) method to provide a better overview of the risks faced by Chiller Café. This analysis focuses on three main areas of the café's

operations: customer service, digital marketing, and human resources (HR). These risks include aspects that may disrupt operations, affect customer satisfaction, or damage the café's reputation. The BIA method is used to identify and evaluate the impact of various risks, as well as to determine the Recovery Time



Objective (RTO) and Maximum Acceptable Outage (MAO) for each operational process (Dr. Antonius Alijoyo, 2019). The results of this analysis are expected to help Chiller Café's management develop appropriate risk mitigation and recovery strategies.

Figure 1. Interview with Co-Founders

Risks in Human Resources

Human resources are a major factor in business sustainability and operational effectiveness, particularly at Chiller Café. Based on the analysis conducted, Chiller Café faces several human resource risks related to HR management and the handling of occupational health and safety (OHS) for employees at Chiller Café. These have a direct impact on productivity and the quality of service provided to customers.

Weak HR management is a primary risk in this area and can be considered the greatest risk in the business due to the lack of innovation at the managerial level and the absence of effective training. This risk can lead to a decline in employee motivation and productivity at Chiller Café. Management that fails to create a dynamic and innovative work environment will slow down the café's development and increase employee turnover. The RTO for this risk is 1 month to improve managerial structure or introduce new training, while the MAO is 2 months before the impact is significantly felt. This risk is given high priority as it has the potential to disrupt operational stability in the long term.

Another human resource risk is the inadequate handling of employee OHS, which affects the safety and comfort of employees at work. If OHS is not addressed seriously, the risk of workplace accidents will increase, leading to additional costs for addressing these incidents. This risk may also harm the café's reputation if a serious incident affects employees at Chiller Café. The RTO for this risk is 1 week to address weaknesses in OHS, with an MAO of 1 month. Its priority is high, considering the significant potential impact on employee safety.

Tabel 1: Risk Analysis in Human Resource

Directorate	Business Unit	Risk	Impact	Potential Frequency of Disruption	RTO	MAO	Priority
HR	Employee Management	Weak HR Management	Decline in employee productivity and lack of innovation in management, affecting efficiency and service quality.	1-3 times per month	1 month	2 months	High

HR	Occupational Health and Safety (OHS)	Inadequate Employee OHS Management	Risk of workplace accidents and decreased employee performance; potential lawsuits and reputational damage if serious accidents occur.	2-4 times per month	1 week	1 month	High
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Risks in Customer Service

One of the critical aspects of creating a pleasant experience for Chiller Café visitors is providing excellent customer service. According to the analysis, there are two main risks in the customer service area at Chiller Café: overcrowded seating and insufficient outdoor seating during rainy weather. If these risks are not addressed promptly, they could reduce visitor comfort, lower customer satisfaction levels, and ultimately result in a decrease in the number of customers visiting the café.

Overcrowded seating is the primary issue in customer service risks. During peak hours or on unusually busy days, disruptions arise due to insufficient seating capacity. This makes it difficult for visitors to find a place to enjoy the services provided by Chiller Café, resulting in discomfort. Impact analysis shows that if this risk persists without facility improvements, it could disappoint customers and even diminish Chiller Café's credibility. The RTO for this risk is set at two days to optimize seating capacity or space.

For this risk, the MAO is one week, with mitigation actions prioritized to minimize disruptions to the customer service process. In addition, attention should be given to the risk of inadequate outdoor seating during rainy weather. Unfavorable weather conditions could disrupt customer comfort, especially as many customers prefer the outdoor area to enjoy the ambiance. Customers may feel uncomfortable and choose to leave the café if the outdoor area lacks adequate protection from rain. The RTO for this risk is one day to adjust the layout or provide additional protection, while the MAO is set at three days based on the frequency of occurrences and their impacts. This risk is given a medium priority level.

Table 2: Risk Analysis in Customer Service

Directorate	Business Unit	Risk	Impact	Potential Frequency of Disruption	RTO	MAO	Priority
Operations	Customer Service	Customer Overload	Customers feel uncomfortable and dissatisfied, which can reduce customer retention and negatively impact the cafe's image.	10-15 times per month	2 days	1 week	High
Operations	Fasilitas	Tempat outdoor tidak memadai saat hujan	Kapasitas duduk berkurang saat hujan, menyebabkan ketidaknyamanan pelanggan dan berisiko mengurangi kunjungan pelanggan pada hari hujan.	5-10 times per month	1 day	3 days	Medium

Risks in Digital Marketing

Marketing through digital media plays a crucial role in expanding the reach and exposure of Chiller Café to a wider audience. However, Chiller Café has not fully utilized this medium due to the lack of activity on Instagram and minimal innovation in menu updates to follow market trends, as well as insufficient dissemination of information about discounts or promotions via social media. This risk can directly impact customer engagement levels, the café's appeal, and its ability to innovate products that intrigue consumers about Chiller Café.

Social media, particularly Instagram, is an effective platform for introducing new products, offering promotions, and building strong customer loyalty. On Instagram, consumers can easily access information about Chiller Café, such as menu prices, venue layout, and operating hours. Although Chiller Café already has an Instagram account, the lack of activity on this platform poses a significant risk. This undermines Chiller Café’s brand awareness and reduces customer engagement.

This is unfortunate because an inactive social media account can lead to a decline in customer loyalty and ultimately decrease sales volume. The RTO for this risk is set at 1 day to reactivate Instagram activities, while the MAO is 1 week before significant impacts on revenue and brand exposure occur. Based on frequency and impact, this risk is given high priority.

In addition, Chiller Café has not introduced new menu items or offered discounts and promotions for an extended period. This risk could lead to customers losing interest and perceiving Chiller Café as a monotonous place. Product innovation and special offers are highly recommended to attract new customers and retain existing ones. This risk has an RTO of 2 weeks to develop and launch new products or offers, with an MAO of 1 month. This risk is assigned medium priority due to its greater influence in the medium to long term.

Table 3: Risk Analysis in Marketing

Directorate	Business Unit	Risk	Impact	Potential Frequency of Disruption	RTO	MAO	Priority
Marketing	Digital Marketing	No Marketing Staff	Decline in brand exposure and customer engagement; potential decrease in sales and customer loyalty.	5-10 times per month	1 day	1 week	High
Marketing	Promosi dan Kampanye	Lack of New Menu Variations or Promotions	Reduced cafe appeal in the eyes of customers; risk of losing customers seeking variety or special offers.	3-5 times per month	2 weeks	1 Month	Medium

Based on the analysis conducted using the Business Impact Analysis (BIA) method, the main risks identified at Chiller Café have been evaluated in terms of business sustainability, particularly in the areas of customer service, digital marketing, and human resources. The BIA allows Chiller Café to understand the impact, RTO, MAO, and priorities of each identified risk, providing a guide for formulating appropriate mitigation measures.

Overall, risks related to overcrowded seating and an inactive Instagram account are prioritized for immediate mitigation due to their direct impact on customer satisfaction and café revenue. Meanwhile, risks stemming from weak HR management and inadequate employee occupational health and safety (OHS) measures should also be addressed, considering their effects on employee performance and the long-term reputation of Chiller Café.

With this analysis, Chiller Café's management is expected to implement effective mitigation actions to ensure business sustainability and maintain competitiveness in an increasingly intense culinary market.

Conclusion

Chiller Café operates in the Food & Beverages industry, facing unique challenges to ensure its business sustainability. Therefore, it is crucial to maintain check & balance across all business layers, particularly through periodic risk identification. This study demonstrates that the Business Impact Analysis (BIA) method is highly suitable for helping Chiller Café identify key business risks.

The analysis identified several primary risks faced by Chiller Café, including risks in customer service, digital marketing, and human resource management. As a café prioritizing customer satisfaction, the risks arising from limited facilities and infrastructure are critical and require immediate action, as they may erode Chiller Café's value by diminishing customer satisfaction. Moreover, special attention is needed in digital marketing, product innovation, and customer retention strategies, such as offering discounts or promotions. The "absence" of Chiller Café's presence on social media poses a significant risk, as many potential customers rely on digital platforms for information. If left unaddressed, this could harm Chiller Café's brand image and its competitive position against other cafés that invest more effort in promoting their products. Additionally, risks related to human resource management and workplace safety must be prioritized, given their significant impact on operational sustainability and employee motivation to deliver excellent customer service.

With clear identification and risk assessment, including RTO and MAO estimates, Chiller Café has a framework for designing relevant strategies. Several highly recommended mitigation strategies for Chiller Café are as follows:

1. Addressing Facility Limitations

- a. Improve infrastructure, such as adding canopies in outdoor areas.
- b. Alternatively, Chiller Café can analyze customer behavior, including gathering data on customer visit frequency, duration, and group reservations. This can be done using POS systems or other tools to track customer arrivals and departures.
- c. With this data, Chiller Café can predict customer numbers at any given time to minimize overcrowding.

2. Activating Social Media

- a. Hiring a dedicated digital marketing personnel to manage Chiller Café's social media presence.
- b. This staff member should regularly post updates on Instagram ([@chiller.cafe](https://www.instagram.com/chiller.cafe)) at least 1-2 times weekly and provide daily updates about the café's activities.
- c. Additionally, the café should enhance customer engagement through product innovations and periodic promotions or discounts to boost customer retention.

3. Enhancing Employee Management and Workplace Safety

- a. Strengthen relationships with employees through improved human resource management practices.
- b. Provide workplace safety guarantees, such as BPJS or health insurance, and conduct workplace safety training to foster stronger bonds and offer appropriate protection to all employees.

By implementing these recommendations, Chiller Café can better manage its operational risks, maintain its competitive advantage, and ensure its long-term sustainability in an increasingly competitive market.

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