

Centurion Solutions White Paper

Preparedness Planning for Businesses – Why Does it Matter?

Having emergency preparedness plans are one of the best investments any company can make.

From Hurricane Sandy and 9/11 to the tornadoes in Oklahoma – *companies that proactively consider how to respond to events are the first to get back to business, often at the expense of competitors.*

A predefined preparedness plan addressing security, disaster response, and business continuity, maximizes the chance of a successful recovery by eliminating hasty decision-making under stressful conditions. It details how to get businesses back on track after a disruption – in the most thoughtful way possible.

Think your business can withstand a disaster? Think again.

- Twenty-five percent of businesses do not reopen following a major event.¹
- It does not take a major catastrophe to shut down a business.
- In fact, seemingly minor disruptions compared to widespread natural disasters can often cause significant damage – power failures, broken water pipes, or loss of computer data.

A Travelers Insurance study found that 48 percent of small businesses are operating without any type of business continuity plan... Yet 95 percent indicated they felt they were prepared.

- Is your **Plan** predominately an insurance policy?
- Is it predominately an evacuation plan?
- Is it something you developed that sits in a binder on a shelf?
- Does it assess your actual risks and how to mitigate them?

Natural disasters are more common – and costly – than you may realize. In 2012, nine of the top 10 most expensive world-wide natural disasters happened in the United States. With \$77 billion in insured losses worldwide, 2012 was the third costliest year on record. The first was 2011, when \$126 billion in insured losses were reported.²

An alarming 48% of business owners surveyed in 2012 said they have no plan in place. That means *preparedness planning is more than smart business – it helps your company remain better positioned to recover* from the business interruptions, property damage, financial impact, and loss of life that a natural disaster or man-made event may cause.

Preparedness is the creation of a state of readiness in which goals, objectives, participants, roles and responsibilities are known, and practiced. Yet an increased level of preparedness planning can create is only one of several benefits. Others include:

- Regulatory compliance. Even if your organization is not yet subject to requirements from external regulations, it may become so in the future. Many emerging government and international regulatory bodies have begun to *mandate incorporation of preparedness, safety, and/or business continuity into their policies and governance.*

¹Source: Insurance Institute of Business & Home Safety; <http://www.disastersafety.org/>

²Source: Insurance Journal; <http://www.insurancejournal.com/news/national/2013/03/27/286235.htm>

Preparedness Planning for Businesses – Why Does it Matter?

- Competitive advantage. Organizations prefer to do business with those who have a higher ability to deliver products and services on time. Having a comprehensive and tested preparedness planning and risk management program *assures customers of your ability to deliver on the mutually agreed SLA.*
- Brand and Reputation Protection. Having comprehensive crisis management programs helps *protect your organization from the negative publicity resulting from disruptions.* Being known for reliability is always good for business.
- Risk Identification. By conducting risk assessments across all physical locations and within each process or function, threats and vulnerabilities will be uncovered. These are all *opportunities to made operational changes or physical enhancements that will reduce or eliminate the probability of some organizational risks.*
- Operational Improvement. Often the greatest value of the comprehensive preparedness planning process is the awareness gained from examining the details of one's own business process, not just how to plan for a disruption. *Planning can create awareness that results in opportunities to make operational improvements, especially in areas that had not previously been explored.*
- Knowledge Capture. Critical day-to-day business information is often scattered among spreadsheets, original documents, or in the heads of subject matter experts. *Preparedness planning becomes a perfect avenue to collect and organize that information for future uses (including process improvements), and to prevent the information from being lost.*
- Increased Robustness. The planning process can strengthen the organization – not just by preparing for major disruptions, but also by *giving employees the skills and knowledge to react more effectively to mitigate smaller everyday problems as they arise – and before they can become major disruptions.*
- Cost Savings. With an effective and practiced preparedness program, the cost of any future disruptions can be significantly reduced. According to the 2014 Cost of Data Breach Study: United States, having a plan in place increased organization response time and reduced the cost of a data loss alone by \$13 per record – with an average number of records affected reaching upwards of 29,000, that \$13 per record adds up quickly.³ The program may also be viewed favorably by your organization's insurers – *resulting in reduced rates, or more favorable treatment should their services ever be required.*

The time for preparedness planning is now. Planning for a disruption or catastrophic event should happen when business is going well, not when disaster strikes. Having a pre-defined, well-documented preparedness plan that clearly communicates how your business will respond during an event can help mitigate risk – and is one of the best investments your company can make.

Centurion Solutions LLC can help you design a plan tailored to your requirements, and assist in integrating that plan into your company's organizational culture. For more information contact us at centurionadmin@centurion-solutions.com, call us at 979-571-5213, or check out our webpage www.centurion-solutions.com.