



Disaster Prep

Business continuity management



In this installment of **Disaster Prep**, we focus on how to mitigate potential business losses due to human error, criminal activity or natural disasters such as hurricanes, floods and tornadoes.

Disasters can occur from natural causes, human error or criminal activity, and virtually every company, no matter its size, has a genuine exposure to catastrophe. The key is to be prepared: Both a business continuity plan and a disaster recovery strategy – which detail immediate, effective actions to be taken should disaster strike – should be in place well before an incident occurs. Whatever the threat to company assets, a current, detailed and flexible plan will enable your organization to survive – and thrive.

Business continuity describes a management process that identifies risk, threats and vulnerabilities that could impact an entity's continued operations, and documents a framework for building organizational resilience and the capability for an effective response.

Why have a plan?

Many organizations that operate today are no longer truly “independent.” In many cases, processes are very interdependent and complex, with many players involved. Due to these interdependencies, adverse reactions resulting in loss at one location or department, or even a third-party supplier, can quickly escalate with far more significant consequences for the overall company.

We've created this Disaster Prep series to help you prepare for, protect against and respond to the effects of a natural disaster such as a hurricane, flood or tornado. For more information, please review the resources in our [Disaster Response Center](#) or contact your local Willis Towers Watson client relationship director or risk control consultant.



See our other reports in this series:

- [Disaster Prep: Hurricane preparedness and action plan \(for your business\)](#)
- [Disaster Prep: Flood evaluation and recovery plan](#)
- [Disaster Prep: Post-flood safety and security](#)
- [Disaster Prep: Tornado preparedness and safety](#)

Organizations today run at such high output of products and services, and with a minimal number of personnel, that most any type of loss can have large, negative consequences affecting competitive positioning. Companies have been strongly trending toward reducing processes to their simplest elements without any redundancies. While this might make sense for the bottom line, it can also leave a company particularly vulnerable in times of crisis. That's why you need a plan should disaster strike.



For publicly held companies, the board of directors is responsible for assessing significant risks to the organization and planning accordingly to mitigate these threats. A business continuity plan fulfills part of this responsibility in these situations as well.

The goals of a business continuity plan are to:

- Minimize the extent of disruption and damage and prevent its escalation
- Establish an alternative means of operation
- Minimize the impact of economic losses
- Train and educate personnel, and familiarize them with emergency operations and functions
- Provide for a smooth and rapid transition of services
- Ensure the safety of employees and visitors during and after an event

Key components of an effective business continuity plan include actions to take regarding:

- **People** – Key executives, technicians, specialists, etc.
- **Information technology** – Hardware, software and telecommunications
- **Facilities and utilities** – Support services for physical locations
- **Materials, products and components** – From your suppliers or in-house
- **Company reputation** – Public image, customer relations, shareholders' interests

Key roles and responsibilities

Consider allocating these roles among your staff to ensure all aspects are covered:

Business continuity strategies. Determines recovery-operating strategies for business and information technologies, including such methods as use of a commercial hot site, duplication of key records, contractual agreements and off-site storage.

Incident response. Develops and implements procedures for responding to and handling a disaster, including:

- Establishing and managing the Emergency Operations Center
- Designating a person who is in charge
- Creating a framework for dealing with the overall management of the emergency (such as an incident management system)

Plan development and implementation. Designs, develops and implements the physical document that is formulated as a result of the risk evaluation and business continuity strategies that were developed/performed

Awareness and training programs. Creates corporate awareness and enhances the skills required among personnel to develop, implement, maintain and use the developed plans

Business continuity plan exercise, assessment and maintenance. Establishes an exercise, testing, maintenance and audit program to ensure plans will perform as designed, as well as validate that the plans are current and accurate

Crisis communications. Develops best practices to handle the media and how to disseminate information to employees' families, key suppliers, customers and owners/stockholders during a crisis

Coordination with external agencies. Coordinates response, continuity and restoration activities with local, regional and national authorities, and with compliance to statutes and regulations

Creating a business continuity plan

Disaster Recovery Institute International's [Professional Practices for Business Continuity Practitioners](https://drii.org/certification/professionalprac.php?lang=EN),¹ provides a useful framework for creating, implementing and maintaining business continuity and disaster recovery plans.

Below is a summary of the three key elements of the program:

Program initiation and management

Establishes the need for a business continuity plan, including management support at all levels of the organization. It is important to organize and manage the project to completion within agreed-upon time and budget limits.

Risk assessment

Determines the frequency and severity of natural, man-made and political perils that can affect the organization and its facilities. By identifying and quantifying these exposures, controls can be implemented to mitigate them as well as provide a cost/benefit analysis to justify investment in these controls.

Business impact analysis

Identifies the effects of a disaster by employing techniques that identify critical organization/departmental functions. This helps establish recovery priorities, such as the number of personnel needed, the type of equipment needed, and the organization's interdependencies so recovery time objectives (how quickly functions need to be restored) can be set.

¹<https://drii.org/certification/professionalprac.php?lang=EN>

The eight-step process for creating a plan includes:

1. Onsite review of various operations and their interdependencies resulting in the development of a total process flow chart
2. Identification of critical operations and components
3. Assignment of a risk factor or class to each event
4. Preparation of a written/formal plan to address post-loss and continued operation of critical processes
5. A test review of business continuity action for significant events identified
6. Development of recommendations for mitigation, additional procedures or insurance needs
7. Presentation of information in a formal report, including an executive summary

A business continuity program must become an advanced strategic plan integral to an organization's corporate culture. It has to be demonstrated that it contributes to the enhancement of the bottom line by protecting share value and an organization's competitive standing in the market. A successful business continuity program should address process availability, integrity, quality, and the strength and depth of the particular processes. It should look at the impact these processes will have if a catastrophe were to occur and how to operate moving forward. The key is to review and improve the design and development of the processes so that mistakes can be eliminated, and disruptions and breakdowns due to an event be reduced or mitigated.

Contacts

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