

Business Insights

Disaster Preparedness: Safeguard Your Business with Effective Risk Management

HOW TO MITIGATE LOSSES AND MAINTAIN CONTINUITY THROUGH A BUSINESS DISRUPTION

No matter how successful your business is today, the uncomfortable truth is that everything could change tomorrow. For most companies, it's not a matter of if but when they will face a potentially devastating threat; nevertheless, many remain underprepared for the risks, and the consequences can be tragic.

Being prepared may not prevent an incident from occurring, but a well-defined approach to risk management can minimize the damage and help your business bounce back quickly.

Here's how to make sure you're ready when disaster strikes.



→ Understand the risks

The “it won’t happen to us” mindset has been the fatal flaw of many failed organizations. It’s critical to recognize and plan for the most likely threats facing your business, which will vary based on your industry, location and other factors. For example, restaurants and industrial facilities are typically at high risk for fires. If your business is on the Texas coast, hurricanes, floods and power outages are a recurring threat, as are tornadoes in North Texas. Cyber-crime, including data breaches and ransomware, are of growing concern for many businesses, especially those heavily dependent on sensitive data.

It’s also important to allow for contingencies you may never see coming. Consider the COVID pandemic that led to worldwide disruption from painful losses and outright failure for countless businesses. While it’s hard to make specific plans for unpredictable circumstances, even a general approach to disaster preparedness will be much better than nothing.

→ Develop an action plan

If recognizing the risks is step one, step two is making a plan to address them. Engage your team in developing an official disaster response and business continuity plan with specific steps to ensure your company is ready to spring into action when necessary. Be sure to include contact information and a documented process to bring key personnel into the loop, initiate rapid decision-making and keep employees informed.

You may consider how facilities managers may play an important role in your plan to protect essential equipment or relocate operations to alternate locations. Purchasing and supply chain management might consider secondary contracts should a key supplier shut down, and the IT department should be engaged to ensure critical systems are secured and data is backed up.

→ Invest in a safety net

Even with a disaster plan in place, it's possible your business could still experience significant losses, and that's where insurance comes into play. Commercial property insurance and commercial auto insurance for any company-owned vehicles are a must, but these policies alone won't cover the losses you could incur if your business is unable to operate normally.

For that purpose, you typically have the option of adding business interruption coverage to your property's policy. This will reimburse you (within defined limits) for lost revenue and unplanned expenses in the wake of a disaster and can also help you continue to pay employees or meet tax and debt obligations.

Insurance is a critical piece of your overall disaster plan, but not a complete plan. Be sure to understand exactly what is and is not covered by the policies you choose, and make sure your business is financially prepared to meet the deductibles.

→ Lean on an experienced partner

Properly anticipating and planning for disasters can make the difference between a devastating blow and a minor setback. That's why it's critical to enlist the support of trusted partners who can help you cover all the bases.

The risk management team at Frost will learn about your business, help you identify vulnerabilities, and guide you toward the most appropriate contingency plans and insurance coverage. More than a one-time undertaking, a risk management relationship with Frost is an ongoing process with frequent updates as your business grows and evolves.



With a comprehensive plan to ward off disaster, you can keep your business focused on the here and now and worry less about the "what if."

WE'RE HERE TO HELP

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