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**"Forewarned, forearmed;
to be prepared is half the victory."**

~ Miguel de Cervantes Saavedra

BE PREPARED IN 2010

Contrary to popular belief, disasters do happen, and they do not always happen to the other company. A fully developed and tested **Business Contingency Plan (BCP)** is essential for a smooth recovery.

Organizations need a BCP for several reasons: To protect market share and brand reputation, to ensure regulatory compliance, to maintain cash flow, and to protect vital records, assets, and employees. In short, it is the disaster survival document for an organization.

Without a BCP, businesses do not know what to do when a disaster strikes, and as a result lose customers, suppliers, and employees. They are out of business. **Companies don't plan to fail; they fail to plan!**

Risk management and business continuity planning are critical components of a competitive strategy. As complex as this issue may first appear, a systematic approach to disaster preparedness will guarantee that all areas of the company are addressed.



The BCP ensures that alternative actions and resources are identified and everyone in the organization is aware of their responsibilities. We suggest Internal Audit be involved and

oversee the plan. Strategic planning includes appropriate responses to all damage and "hot work" issues (as when a business continues to operate while repairs are ongoing).

Determining the disaster recovery period directly impacts how much financing a company will need in order to rebuild their

business. The BCP identifies the continuing expenses and lost income (business income) as well as the extra dollars (extra expenses) that are needed to carry the company through the recovery period. This recovery time is measured from the date of the disaster to moving into permanent facilities and resuming operations, or to the time it takes for the organization's revenues to reach their projected level had there been no loss, whichever is later.

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Since most businesses do not have a BCP, **make this your company's New Year's resolution.** Without a plan, an organization does not know what to do or where to go after a disaster. Time and resources are wasted trying to recover the business; time that would be better spent creating a more efficient operation by completing and testing a plan. Think of the BCP as an "opportunity document" that will allow an organization to scrutinize all phases of operation, and based upon a cost/benefit analysis, use the recovery plans to eliminate low margin products, flatten the organization, and increase productivity. The result will reform the organization into a more efficient operation, competitively ready to do business into the next decade.

There are four suggested methods for reducing the impact of a disaster on an organization:

● **Eliminate the exposure.**

For example, do not demonstrate how your saw or cleaning products work, stop the installation operations, change from manufacturing to wholesaling, etc.

● **Transfer the risk to someone else so they bear the brunt of the exposure.**

For example, do not take ownership of goods until they reach your facility, have the customer supply all the drawings and specifications, have a subcontractor install your product, etc.

● **Reduce the chances of a disaster.**

Implement good risk management controls such as fire suppression, driver training, hurricane preparedness, etc.

● **Finally, finance the financial impact.**

Cover lost sales of a disaster through insurance, savings accounts, bank line of credit, etc.

Next month, we will outline the necessary steps to get started with your Business Continuity Plan.

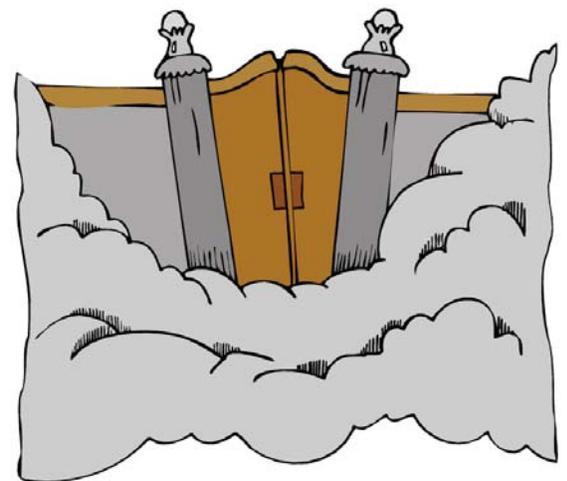
b. (FUNNY!)

[a little insurance humor]

Last night as I lay sleeping, I died, or so it seemed. In my dream, I went to heaven. St. Peter met me and said, "I must check your record."

He turned and said, "Your record is covered with terrible flaws and shows you have done everything a good person should never do. We can't have people like you up here—your life was full of sin."

Then he read the last of my record and said, "Come on in." I was surprised at his change of attitude, especially when he led me to the "Big Boss" and said, "Treat him well. He used to work in insurance so he's done his time in hell."



Send us your insurance jokes for a chance to be in our next newsletter at info@bisimplified.com