



News release

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PwC urges critical need for disaster preparedness

Port of Spain, Trinidad, 9 March Given the barrage of natural disasters which have impacted the Caribbean region, including our twin island Republic over the past three years alone, we cannot continue to hold onto the 'God is a Trini' comfort!

Hurricanes Irma and Maria – two Category 5 hurricanes – devastated Barbuda and Dominica in September 2017 and a 6.9 earthquake in August 2018 as well as Tropical Storm Karen resulted in a major scare with significant property and financial losses in Trinidad. Hurricane Dorian (another Category 5 hurricane) also caused horrific loss of life and property damage in the Grand Bahamas and Abaco islands a few months ago. In February 2020 earthquakes also hit the Cayman Islands and Trinidad; and global warming and climate change is a major source of concern for our region. Cyber attacks are also prevalent in our region and we are now facing coronavirus (COVID-19) pandemic.

Disaster can strike at any time. You may need to evacuate your location (home or office) immediately, or you may be confined to your current location where essential services such as electricity, water, internet and telephone connections may be cut off for an extended period of time. It is important that we are prepared for any scenario, particularly where the elderly or youth are involved, and to ensure the sustainability of our businesses.

These are concerns that need to be urgently assessed and addressed at personal and corporate levels, and this context frames the following business continuity and disaster preparedness guidance.

On a personal local level, the Office of Disaster Preparedness and Management (OPDM) provides detailed information on disaster preparedness, which we should be aware of and adopt.

The following narrative is focused on corporate disaster preparedness. Do you know the significant vulnerabilities regarding your people, facilities and systems? Are your personnel aware of what's to be done in an emergency? Have you assessed which processes and systems are critically required to be back up and running in an acceptable time frame after a disaster? What is that acceptable timeframe? How would you account for all your staff and visitors and determine who are critically required to operate remotely to ensure business recovery and continuity?

Keeping a business going is important not only for the business itself, but to the employees whose livelihoods depend on its continued existence, as well as your customers, shareholders and other wider stakeholders. Addressing these questions and more are all elements of Business Continuity Management (BCM).

A proper systematic approach to BCM is severely lacking in Trinidad and Tobago and the wider Caribbean region. BCM is not about ensuring your people all know their muster point locations. A suggested prerequisite to implementing BCM at your company is the conduct of a candid assessment of your level of BCM readiness or maturity. The BCM Maturity Assessment Framework



considers the following competencies when assessing a company's preparedness and maturity level:

- planning and governance,
- organisational support,
- business requirements,
- continuity strategy,
- capability,
- response plan,
- testing,
- review and improvement.

Gaining a solid understanding of the business is crucial to ensuring the BCM programme is aligned to the company's overall strategic direction, addresses key vulnerabilities, and supports key corporate objectives. The Facilities Risk and Vulnerability Assessment (FRVA) and the Business Impact Analysis (BIA) are two key tools which assist in this regard. The FRVA is a high-level risk assessment to identify likely threats and risks that could result in business interruptions at each physical location. These threats can potentially destroy or damage buildings, cause death or injury to personnel, and/or disrupt mission critical business systems. This assessment is performed by conducting site visits and should cover electrical power, entry protection, fire protection, protection of personnel and IT, environmental control systems and third parties.

The BIA helps you to understand the business impact of a major unique business interruption, allows us to build an inventory of the company's processes, identify the time criticality of each business process, determine a priority for the order of recovery of these processes in the event of a major unique business interruption, and identify the minimum supporting resources required to effect these processes. These are all critical aspects of a corporate recovery strategy and involve proper discussion with and amongst key senior personnel. The FVRA and BIA therefore enable a systematic and risk-based approach to disaster recovery planning and execution.

Given all of this information, a master business continuity plan can be developed to identify the steps to be taken in the event of a disaster and by whom. Apart from the recovery of critical business functions, these plans should focus on the safety of the people with periodic communication to all key stakeholders before, during and after a disaster.

Of course, your plan (business continuity/disaster recovery) must also be consistently updated to reflect business changes regarding personnel, processes and IT. The plans must also be tested, at least annually; utilising real world practical scenarios and simulations to ensure the execution continues to be fit for purpose and enables you to recover within the tolerable time frames determined during the BIA.

If external consultants are engaged to assist with implementing BCM at your company, they may train personnel on how to respond to a disaster and or they may have team members involved throughout the project which would allow for more direct knowledge transfer.

According to a 2018 report, 93% of companies without Disaster Recovery plans are out of business within one year after a major business disruption event, and 96% of businesses with a disaster recovery solution in place fully recover. Josh Sawislak, a strategic advisor to Four Twenty Seven, a consultancy focused on climate economics stated, "If we don't want to spend hundreds of billions of dollars on recovering from disasters, we need to spend tens of billions on resilience."

The National Institute of Building Science also examined the results of 23 years of federally funded mitigation grants provided by the Federal Emergency Management Agency (FEMA), U.S. Economic Development Administration (EDA) and U.S. Department of Housing and Urban Development (HUD) and found mitigation funding can save the nation \$6 in future disaster costs, for every \$1 spent on hazard mitigation



As responsible citizens and business owners, we at PwC Trinidad and Tobago suggest more focus is required on preparing for disasters given the prevalence of the same in our region, whether or not you believe that 'God is a Trini'.

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Notes

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About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services.

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