



## The Business Case | ONE PAGER

### The need for disaster preparedness

Disasters have profound impacts on small and medium sized businesses, with FEMA estimating that 40% to 60% do not reopen after a disaster. Businesses are affected by direct physical impacts from extreme events as well as indirect impacts such as reduced foot traffic, staffing issues, and supply chain disruptions. A lack of insurance and financial reserves to replace destroyed equipment or stock, business slowdown, and the financial impact of multiple days or weeks of unplanned downtime are among some of the causes of closure or hardship.

Regardless of the cause, when businesses close it affects the wider supply chain as well as employees and the communities they are located within. Taking steps to prepare can minimise disruptions, contribute to a shorter recovery times, and protect local economies and livelihoods at a time when development, growth, and a changing climate are placing populations and businesses at increased risk of disasters.

### Why focus on small businesses?

As the backbone of every economy, SMEs are a critical part of communities; they provide employment, a sense of purpose, and essential goods and services. Without functioning organisations, effective community function is impaired.

There is plentiful evidence from around the world that businesses can reduce impacts and hasten recovery time by taking proactive steps prior to a disaster – both in terms of mitigation and improving their capacity to deal with crises and change. Many of these steps involve an investment of effort, rather than money.

However, few SMEs have plans to reduce losses from disasters despite their frequent occurrence. With little disaster insurance cover, businesses need to look broadly at how to reduce potential losses. While large businesses may have access to expert advice, little exists to help SMEs ensure they remain an important, integral, and vibrant part of their communities after a disaster.

### The Business Preparedness Initiative

The Business Preparedness Initiative (BPI) provides national societies, large corporations, governments, and business associations with the opportunity to engage with small businesses in their communities by forming partnerships that promote BPI tools and resources. The overall benefit will be better-connected, well-informed, resilient communities where large, medium, and small businesses alike will be able to work together to ensure quick disaster recovery.

During a pilot of BPI, volunteers from the Uganda Red Cross visited over 5300 SMEs, and with the support of UPS delivered workshops to 500 businesses in Kampala and Kasese. The business owners that attended reported being more aware of their risks and better positioned to prepare for and get through future crises and disasters.

Want to work with us to build business preparedness? Get in touch at [gdp@redcross.org](mailto:gdp@redcross.org).

