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IN A CRISIS, COMPANIES ARE BETTER OFF WORKING TOGETHER

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THE PRIVATE SECTOR plays an essential role in humanitarian preparedness, response, and recovery efforts, but large numbers of independent actors—no matter how well intentioned—can introduce complexity and potential duplication of efforts, particularly when companies react in an ad hoc or uncoordinated way.

To deliver maximum impact, many forward-thinking companies have begun to forge private-sector networks. These networks of companies and local businesses collaborate in a country or region to strengthen their own risk preparedness and to mobilize and coordinate the private-sector response to an emergency.

In the lead-up to the 2016 World Humanitarian Summit (WHS), the United Nations consulted with more than 900 stakeholders (including large global companies as well as small and medium-sized enterprises) to try to understand how the private sector could best contribute to disaster risk reduction, preparedness, response, and recovery. As a result, the WHS called on the private sector

to join with governments and other humanitarian actors in addressing the growing humanitarian challenges facing societies.

By participating in these networks, companies can better identify their own vulnerabilities to hazards, improve their ability to reduce and manage risk and protect their workforce, understand how they can contribute to their communities in times of emergency, and develop new mechanisms and processes that allow them to recover more quickly in the wake of a crisis. It's a smart move from a business perspective—and networks provide extraordinary benefits for society as well. When companies engage directly with key humanitarian actors in a coordinated way, they can deploy their unique capabilities and resources where they are needed most, which is enormously beneficial to communities in crisis.

A World of Hazards

Private-sector networks address three types of hazards.

- **Natural Hazards.** These are natural processes or phenomena—such as earthquakes, floods, hurricanes, droughts, volcanic activity, and landslides—that may cause injury or loss of life, property damage, social or economic disruption, or environmental degradation.
- **Health Epidemics.** These occur when a disease becomes widespread, clearly in excess of expected levels in a certain location and for a specific period. Recent examples include instances when Ebola, H1N1, and Zika led to epidemics.
- **Man-Made Hazards.** Examples include food shortages, industrial accidents, and conflict. They may involve political complexities, making it more challenging for the private sector to respond.

resources in order to respond safely and effectively in an emergency.

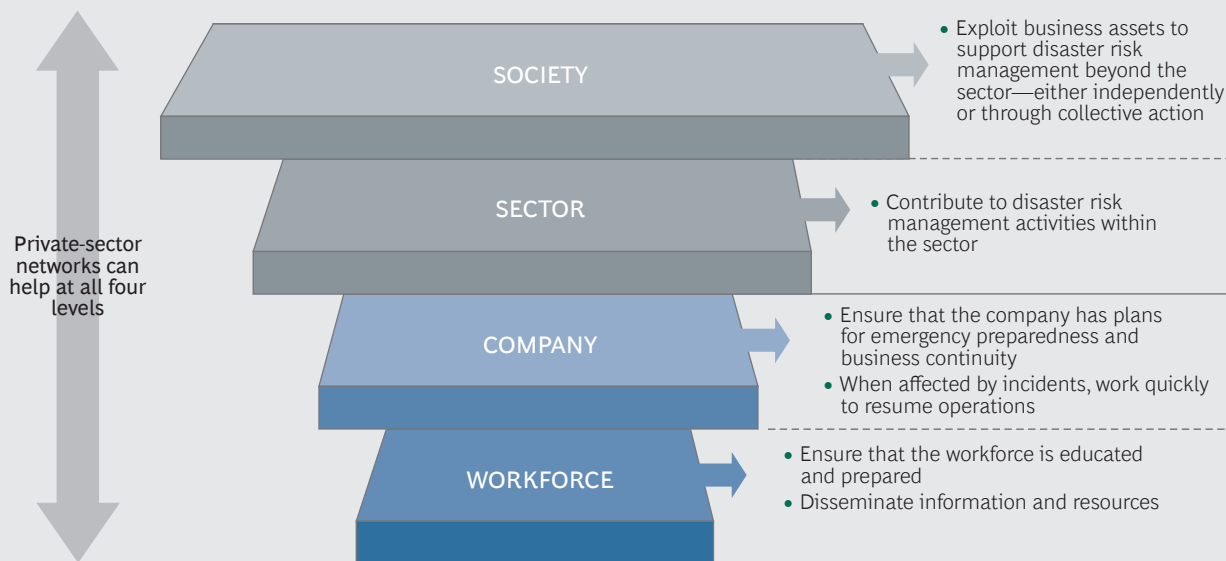
Given a prepared and ready workforce, the company then needs strong business-continuity planning and smart, well-understood processes to secure company assets and keep operations running with minimal downtime when disaster strikes.

The better prepared companies are in an industry sector, the better the sector will be positioned to respond in an emergency and the more valuable it will become as a partner to government and society in meeting the challenges of disasters and recovery. Furthermore, when companies in, for example, energy, communications, logistics, health, infrastructure, and consumer goods come back online quickly, the total economic and social impact of a disaster is smaller.

For companies to make a difference when disaster strikes, they must be well prepared at four levels. (See Exhibit 1.) At its foundation, a resilient company requires a prepared and ready workforce, and therefore companies must prepare employees for emergencies and help protect them and their families from harm. Employees must have adequate training and access to

In addition, companies can contribute beyond their own sector at the societal level to support operations nationally, regionally, or even globally. For example, logistics companies may transport emergency supplies to affected areas, or telecommunications companies may exploit their communications network to send emergency messages. (See the sidebar.)

EXHIBIT 1 | Companies Can Contribute to Disaster Management at Multiple Levels



Sources: Federal Emergency Management Administration; BCG analysis.

Note: Disaster risk management comprises risk reduction, preparedness, response, and recovery.

LESSONS FROM FIJI

When businesses develop strong private-sector networks, they can mount a much faster and more effective response in a crisis. In February 2016, a Category 5 tropical cyclone ravaged the South Pacific island nation of Fiji. When disaster struck, companies provided support, but most of their contributions were not coordinated with government or humanitarian partners. Nonetheless, the response showed the potential of the private sector and enabled important partnerships to be formed.

For example, many of the islands in Fiji are very remote, so it's difficult to assess damage and disseminate important

information. The two major Fijian telecommunications companies, Digicel and Vodafone, partnered with the government of Fiji to send SMS alerts and provide assistance to farmers and other residents in remote areas.

The disaster also motivated companies to establish the Fiji Business Disaster Resilience Council, which coordinates its efforts with government, humanitarian, and development actors. The council now includes businesses from multiple sectors and of various sizes, which meet monthly to share best practices and lessons learned to improve their preparedness and response.

Why Participate in a Network?

Companies gain a number of benefits from participating in private-sector networks. It is smart business.

- **Resilience.** By participating in a network, companies can gain access to specialized resources that allow them to identify business risk before disaster strikes, which strengthens their ability to be better prepared and rebound after a crisis. Networks also allow businesses to access training in disaster preparedness, business continuity, and areas of risk to help strengthen internal operations. A strong and healthy business speeds the path to economic recovery and builds resilience in the areas in which it operates.
- **A Stronger Collective Voice and a Seat at the Table.** Businesses involved in private-sector networks can advocate collectively so that their interests and capabilities are understood by humanitarian actors and included in the broader disaster preparedness and response planning and activities. They gain the opportunity to contribute to key decision-making processes and to access the most accurate, up-to-date information about disaster risks and priorities.
- **Effectiveness.** By engaging in a coordinated network and taking advantage of local knowledge, private-sector organizations can target interventions in the right areas, aggregate and scale operations for greater impact, and reduce the risk of duplication or gaps in coverage. Governments and humanitarian coordinators can engage with the network as a whole, rather than with individual companies, allowing for better coordination. Local assets and resources—as opposed to imported aid—also tend to be more cost effective and beneficial to the local economy.
- **Speed and Coverage.** By participating in networks, local companies that operate throughout a country or region can help track an ongoing response, identify urgent needs, and target their strategy accordingly. Private-sector actors can improve humanitarian response times, particularly by exploiting existing capabilities in logistics, transport, or telecommunications.
- **Innovation on a Broad Scale.** By linking private-sector actors in industries essential to crisis relief efforts (such as logistics, communications, and health care) and by benefiting from

lessons learned across the network, networks can help ensure that the most innovative and effective products and services are used to improve disaster prevention, preparedness, response, and recovery efforts.

The Role of Private-Sector Networks

Private companies and public-private partnerships can bring unique value to prevention, preparedness, response, and recovery efforts. On the basis of BCG's experience supporting the response to the Ebola crisis in 2014–15 (as well as other humanitarian response efforts), we identified a variety of contributions that private-sector companies can make, whether they are in-country operators, companies with expert capabilities, or companies that incorporate humanitarian response into their overall social impact strategy.

During the Ebola crisis, we found that a lack of organization or structure reduced the private sector's speed and effectiveness. One exception was the self-organized Ebola Private Sector Mobilization Group, which included more than 80 companies in Africa. EPSMG allowed organizations to share information and best practices related to Ebola response and provided a single point of contact to interact with the private sector. However, even this group developed organically after the crisis began. It required time and energy to establish at a time when rapid action was critical. This real-life example illustrates the importance of establishing in advance well-prepared private-sector networks in high-risk locations.

Broadly speaking, there are four primary roles that private-sector networks can play in disaster prevention, preparedness, response, and recovery.

Coordinating Private-Sector Efforts. Networks can serve as a central coordination point for the private sector, connecting companies to national and international disaster management structures in order to facilitate efforts and initiatives before, during, and after emergencies.

In 2009, after a massive flood caused by a typhoon devastated metropolitan Manila, the Philippine Disaster Resilience Foundation was formed. Established to mobilize the private sector and create a critical link to government agencies, civil society groups, and local government units, the organization now provides a national platform for disaster management, preparedness, response, and recovery. By defining the roles and responsibilities of the private sector and organizing members into eight clusters (infrastructure; logistics; water and sanitation; emergency supplies [food and nonfood]; power, fuel, and energy; finance and insurance; health and emergency services; and search and rescue), the network aims to improve the effectiveness of members' contributions. It has grown to encompass more than 80 members, including major multinational enterprises, such as UPS, Shell, and Coca-Cola, as well as high-profile local companies, such as the Philippine Long Distance Telephone Company.

Coordinating Efforts Among Industry-Specific Actors. Private-sector networks play a critical role in organizing their members to address industry-specific issues. The network can assign "lead organizations," develop relevant resources and materials, broker charters and agreements among industry members to act collectively, and link companies to government and humanitarian actors closely linked to their industry. Networks can facilitate negotiation of long-term agreements that specify the capabilities and resources each company will provide and the role it will play in an emergency.

Madagascar's Private Sector Humanitarian Platform began with a single telecommunications company, Telma, and has since grown to include more than 100 members. The network is included in the national contingency plan and organized into eight core industry groups, which are linked to local government ministries, humanitarian aid agencies, and civil society organizations. The eight groups are the following:

- Water and sanitation (linked to the Ministry of Water and to UNICEF)

- Education (linked to the Ministry of Education and to UNICEF)
- Shelter (linked to the Ministry of Land Management and to the International Federation of Red Cross and Red Crescent Societies)
- Logistics and telecommunications (linked to the Ministry of Road Management and to the World Food Programme [WFP])
- Nutrition (linked to the National Office of Nutrition and to UNICEF)
- Security (linked to the Ministry of Population, Social Protection and Promotion of Women, and to Catholic Relief Services)
- Health (linked to the Ministry of Health and to the World Health Organization)
- Food security and livelihood (linked to the Ministry of Agriculture and to the Food and Agriculture Organization of the United Nations and WFP)

Some companies also serve as regional liaisons to coordinate the actions in each region.

Networks can organize their members around themes that are based on current needs specific to the region. Themes may include, for example, refugees and displaced populations, election preparedness, water and sanitation, or hurricane preparedness.

Building Business Resilience. Private-sector networks can offer their members and their suppliers (especially micro, small, and medium-sized companies) training and information on disaster risk management and business continuity planning. This information helps companies strengthen their own resilience by protecting their employees, safeguarding their assets, and minimizing downtime in the event of a crisis.

The UPS Foundation, the World Economic Forum, the US Chamber of Commerce Foundation Corporate Citizenship Center, and the Corporate Social Responsibility

Association of Turkey jointly developed a disaster preparedness initiative in Turkey called Sağlam KOBİ. Geared toward small and medium-sized businesses, which might otherwise not have access to this kind of training, the network teaches members how to protect their value chains and anticipate risks within their sector and industry. Members can also prepare an emergency action plan using the network's online Disaster Resilient Business Toolkit, a resource that lets companies systematically address risk factors across all aspects of their business. With UPS Foundation support, this material was further developed in Mexico and is being replicated in other countries.

Facilitating Information Sharing. Networks can also collect and disseminate information and best practices among members and networks before, during, or after a disaster.

In 2007, the Alliance for Risk Management and Business Continuity (AGERCA) was created in Haiti to ensure that the private sector had a platform to provide emergency support in a crisis. Working hand in hand with Haiti's National System of Disaster Risk Management, AGERCA hosts regular conferences on topics related to disaster recovery management, promoting a safer work environment, and developing evacuation plans. The network also maintains a web portal that will in the future provide risk data, sorted by specific location within the country.

Many networks vary in their focus, depending on their capacity and members' immediate needs. Some concentrate more on disaster risk-reduction training and emergency preparedness, while others emphasize how best to facilitate public-private collaboration in the aftermath of a crisis. However, the private sector has expressed the need for holistic engagement across different stages.

What Makes a Private-Sector Network Successful?

The UN's Connecting Business initiative (CBi) and BCG teamed up to try to understand what makes private-sector networks

successful. Through an analysis of existing networks, we identified six principal elements that make private-sector networks successful, and seven primary resources that organizations can offer to strengthen disaster prevention, preparedness, response, and recovery. These 13 metrics can be used to evaluate the effectiveness of private-sector networks. (See Exhibit 2.)

Keys to Network Success. The following six elements will make private-sector networks successful.

- **Organization and Governance.** The network should have a formal host organization and a transparent organization structure.
- **Membership.** It should establish clear requirements and principles, as well as a process for adding new members, and include broad and representative membership from critical industries.
- **External Coordination.** It should reach out regularly to other organizations and

government agencies to share events, information, and activities.

- **Internal Coordination.** It should have a clear channel of communication with members, regularly convene them around topics or industry themes, and collaborate with the government, the UN, or NGOs.
- **Monitoring and Evaluation.** Networks should develop clear metrics to track how the partnership has strengthened members' preparedness and resilience as well as the impact of collaboration in response and recovery efforts.
- **Financial Sustainability.** The network must have sufficient funding for operations and activities.

Primary Resources. Once a network has developed the elements listed above, it can provide members with even more benefits by offering the following seven resources.

- **Member Resilience Diagnostics.** Members should have an easy-to-use

EXHIBIT 2 | Thirteen Metrics to Assess the Effectiveness of Private-Sector Networks

THIS DIAGNOSTIC TOOL MEASURES THE HEALTH AND PERFORMANCE OF A PRIVATE-SECTOR NETWORK, GAUGES ITS IMPACT, AND HIGHLIGHTS AREAS FOR FUTURE WORK



Sources: Connecting Business initiative; BCG analysis.

diagnostic tool to assess their resilience and access to trainings.

- **Business Continuity Plans.** Members should have access to local-language materials on business continuity planning to strengthen their own company's resilience.
- **Best Practices and Information Sharing.** Networks should regularly collect information on best practices and share it across the network, including with micro, small, and medium-sized enterprises, insurance groups, and other stakeholders.
- **National Resilience.** Networks should participate with the government in establishing a national action plan that sets clear roles for private-sector actors and establishes links to other coordination channels.
- **Industry Groups.** Networks should include specific groups for key local industries made up of members that provide the services most needed in a crisis, such as health care, water and sanitation, and energy.
- **Resource and Risk Data.** Networks should map the capacities and resources available to members for humanitarian use during disasters and provide members with access to population and disaster-risk data to help them improve their resilience to disasters.
- **Long-Term Agreements.** The network should negotiate standing agreements with key companies in each major industry sector regarding the scale and type of contributions they will make, with clear protocols for action.

What's Next for Private-Sector Networks?

Judging from the data collected to date, it is clear that networks are already offering companies tangible value by providing resources and training to strengthen their resilience and serving as a point of contact

for the private sector, governments, and international and local humanitarian organizations.

To create, sponsor, or participate in a private-sector network, the first step is to see if a network already exists that you can join or if there are other organizations you could partner with in setting one up. Umbrella organizations, such as CBi, can be invaluable during this phase. Initiatives like CBi help to create and strengthen private-sector networks, enabling businesses to connect with one another and with the broader disaster management community. These umbrella organizations can also help to map actors in a country in order to ensure that companies are collaborating effectively to strengthen local resilience.

WHEN DISASTER STRIKES, it's taken for granted that governments and other traditional humanitarian actors will mount a coordinated response. But private-sector companies have a critical role to play in disaster response as well—to protect their own workforce, avoid disruption of business operations, and provide aid to those in need. As a single entry point for collaborative action among companies, private-sector networks offer an ideal mechanism for helping companies prepare for, respond to, and recover from disasters, while helping the community rebound as quickly as possible. All signs suggest that private-sector networks will continue to strengthen the resilience of their individual members and increase the effectiveness, speed, and coverage of disaster preparedness and response more broadly.

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Globally in recent years, the growth in humanitarian needs has outpaced the capacities and resources of traditional humanitarian actors. In response, the private sector, the United Nations, governments and NGO partners launched the Connecting Business initiative (CBI) at the World Humanitarian Summit in May 2016. CBI supports platforms for collective private sector action, connecting them to national government and international crisis management structures, thus enabling private sector resources to be deployed faster and more effectively. The initiative also helps companies, especially micro-, small- and medium-sized companies, to put in place business continuity plans to ensure their operations continue during or resume quickly after an emergency. In 2017, CBI supported 13 private sector networks, of which eight responded to crises, working alongside national and international actors in supporting affected communities, rebuilding critical infrastructure and helping in recovery. Other networks worked on preparedness activities, policies and innovation.

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