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Protecting Your Business – Risk Management or Risk Avoidance



Risk management is a structured approach to managing threats to your business and your company's operations – in this discussion from natural disasters – through key management tools including: risk identification, threat assessment, impact analysis, strategy development, business continuity planning, disaster recovery, and risk mitigation. The best risk management tool is risk avoidance –avoiding geographic areas with inherent weather conditions and climate liabilities. You cannot purchase a hedge against a natural disaster.

Weather and climate patterns in regions under consideration for expansion that could negatively affect your facility's operations or getting your goods or services to market are important, yet subtle concerns that all businesses need to address when making site location decisions. Risks for areas of the country most susceptible to natural disasters such as earthquakes, hurricanes, floods, tornadoes, and wildfires must be included in your decision and risk management matrix because when they occur—they cost you money and sometimes much more.

According to a report published in November 2007, weather-related natural disasters have quadrupled over the last two decades from an average of 120 a year in the early 1980s to 500 now. The report attributed this rise to unpredictable weather conditions cause by global warming. A natural disaster or catastrophe can not only affect a company's bottom line, but also wreak havoc with the well-being of your employees and their families.

Your due diligence in site selection research must include any increased risk in locating in areas of the country prone to weather disruptions and other natural disasters. As the National Weather Service maps on this page illustrate, Ohio has a very low risk profile for natural disasters and adverse weather conditions.

While your risk management advisors can quantify the financial costs of an operating disruption, the best way to eliminate the possibility is to locate in a region with very low exposure and risk from weather disturbances and other natural disasters. The best emergency preparedness is still threat avoidance and Ohio is located in a part of the country insulated, for the most part, from business disruptions resulting from adverse weather conditions.

Source: Natural Disasters 2005; National Weather Service; USA Today research

