# Cost-Benefit Analysis for Emergency Readiness Training Course: Budgets, Funding and Loss Avoidance

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Doha

# Cost-Benefit Analysis for Emergency Readiness Training Course: Budgets, Funding and Loss Avoidance

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## Programme Summary

Cost-benefit analysis for emergency readiness is the subject of this one-week training course for finance, planning and operations managers at managerial level, ending in a preparedness investment case for one hazard. Readiness spending is often cut because its returns stay invisible until an event. The programme moves from the cost of disruption to the cost of preparedness measures, then to avoided-loss logic, funding choices and a case that a budget committee can weigh. Mars Training Centre UK delivers this programme on cost-benefit analysis for emergency readiness to mixed-organisation cohorts.

## The Business Case

Ports, hospitals, utilities and manufacturers face budgets in which emergency readiness competes with revenue projects. Spending on drills, stockpiles and backup capacity looks like a pure cost until it is set against the losses an event would bring. Managers who value both sides can defend sound spending, stop waste on weak measures and agree funding sources before an emergency, not during it.

- Business Interruption Exposure: Becomes visible as downtime, repair and lost-service costs are estimated for each hazard.
- Preparedness Spending Efficiency: Improves as measures are ranked by avoided loss per unit of cost.
- Funding Resilience: Rises as reserves, insurance and contingent sources are matched to likely events.

## Principles and Evidence Base

- Cost-Benefit Analysis of Disaster Risk Reduction: Compares the cost of risk reduction with avoided losses, applied in Sessions 2 and 3 to measures and returns.
- Risk-Informed Investment: Directs spending according to hazard and exposure, applied in Session 3 to ranking and sequencing.
- Avoided Loss Logic: Counts losses prevented as the benefit of preparedness, applied in Sessions 3 and 4 to benefit estimates.
- Sendai Framework for Disaster Risk Reduction: Provides the international policy frame for investing in risk reduction, applied in Session 1 to set purpose.

## Intended Participants

- Finance managers who prepare and defend budgets for continuity and emergency functions.
- Planning managers who rank resilience projects for investment committees.
- Emergency and continuity managers who must justify equipment, drills and standby capacity.
- Risk and insurance managers who match funding to likely losses.

Typical settings include ports, healthcare, utilities and municipal government.

## Learning Outcomes

1. Participants will be able to estimate the cost of disruption for a chosen hazard.
2. Participants will be able to construct a cost profile for preparedness measures.
3. Participants will be able to evaluate measures by avoided loss and cost.
4. Participants will be able to prioritise preparedness projects under a fixed budget.
5. Participants will be able to compare funding sources for readiness costs.
6. Participants will be able to justify an investment case to a budget committee.

## Programme Structure

### Day 1: Cost-Benefit Analysis for Emergency Readiness and the Cost of Disruption

What does an emergency cost an organisation, and what does readiness change?

- Sendai Framework Purpose Statement
- Hazard and Exposure Register
- Disruption Cost Breakdown
- Downtime Impact Table
- Direct and Indirect Loss Split

### Day 2: Costing Preparedness Measures

What do drills, stockpiles, standby capacity and training cost over their life?

- Measure Inventory Sheet
- Lifecycle Cost Model
- Standby Capacity Costing
- Training and Drill Cost Template
- Cost Assumption Log

### Day 3: Valuing Avoided Loss and Ranking Investments

How are benefits estimated and measures put in order of value?

- Avoided Loss Estimate
- Benefit-Cost Ratio Calculation
- Present Value Discounting Sheet
- Risk-Informed Ranking Matrix
- Sensitivity Test on Hazard Frequency

### Day 4: Funding Readiness and Response Costs

Which sources pay for readiness before an event and for response after it?

- Reserve and Contingency Fund Design
- Insurance Cover Gap Review
- Contingent Credit Options Table
- Budget Cycle Alignment Chart
- Funding Trigger Rule

## Day 5: Preparedness Investment Case for One Hazard

Do the earlier tools combine into a case that a budget committee can decide on?

- Applying the Session 1 Disruption Cost Breakdown
- Testing the Session 2 Lifecycle Cost Model
- Checking the Session 3 Benefit-Cost Ratio Calculation
- Rehearsing the Session 4 Funding Trigger Rule
- Completing the Preparedness Investment Case

## Methodology

The programme uses case analysis built on prepared data for two hazards, one affecting a port and one affecting a hospital, each with asset values, downtime records and measure quotations. Participants work in small groups, test estimates against ranges, and defend rankings to peers acting as a budget committee.

- Suggested activity: Estimating a week of downtime and listing the cost lines easy to miss.
- Suggested activity: Ranking six measures by ratio, then reordering after a change in hazard frequency.
- Suggested activity: Matching a loss estimate to a mix of reserves, insurance and credit.

## Capstone Output

Each participant completes a preparedness investment case for one hazard. It holds a disruption cost estimate, a cost profile of measures, an avoided-loss table, a ranked list within a fixed budget and a funding plan. The case is used at work to brief a budget committee and set review points.

## Frequently Asked Questions

### Is a course on cost-benefit analysis for emergency readiness suitable for managers without a finance background?

Yes. Cost-benefit analysis for emergency readiness is taught through prepared templates and worked examples. It assumes responsibility for a budget, plan or emergency function, but no advanced mathematics.

## Which models does cost-benefit analysis for emergency readiness rest on?

Cost-benefit analysis for emergency readiness rests on cost-benefit analysis of disaster risk reduction, risk-informed investment, avoided loss logic and the Sendai Framework for Disaster Risk Reduction.

## How is the investment case from cost-benefit analysis for emergency readiness used at work?

You use the preparedness investment case to brief a budget committee, defend priorities for readiness spending and set review points that test expected benefits.

## How does cost-benefit analysis for emergency readiness differ from emergency response planning?

Cost-benefit analysis for emergency readiness concentrates on valuing, ranking and funding preparedness spending, while emergency response planning concentrates on roles, procedures and actions during an incident.