

SMALL BUSINESS **BIG** OPPORTUNITYSM

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Riverside, California



L to R: Vincent McCoy, Inland Empire Small Business Development Center; Mayor Rusty Bailey, Riverside, CA; and Garner Holt, Garner Holt Productions



L to R: Joan Woodward, Travelers Institute; John Farley, HUB International; and Michael Echols, U.S. Department of Homeland Security

California business owners discuss cybersecurity at *Small Business – Big Opportunity*SM symposium

Cybersecurity was a major topic of discussion in Riverside, California, where more than 200 business leaders gathered on October 5, 2015, to discuss the challenges facing their operations and solutions to help them stay in business.

“I think it’s important for small businesses to understand cyber risks, especially data breaches,” said Mari Escarcega of GIS Support, a California-based software company. “Events like this teach a lot because people can network and learn from each other.”

Escarcega was among 200 entrepreneurs who attended *Small Business – Big Opportunity*, one in a series of events held around the country, hosted by the Travelers Institute. *Small Business – Big Opportunity* convenes thought leaders, industry experts and business owners to discuss strategies for overcoming entrepreneurial challenges, including access to capital, the regulatory environment, business continuity planning and cyber risks.

“As one of the largest insurers of small businesses in the country ... we [Travelers] see every day business owners who are struggling to survive,” said **Joan Woodward**, President of the Travelers Institute and Executive Vice President of Public Policy at Travelers.

Held in partnership with the U.S. Small Business Administration Santa Ana District Office, Small Business California and the Inland Empire Small Business Development Center (SBDC), the symposium featured industry professionals who offered guidance to help entrepreneurs protect their business.

Cybersecurity

In live audience polling, only one-third of attendees said their company had a plan in place to respond to a cyber incident. Other audience members said their business did not have a plan or they were unsure. **Michael Echols**, Director, Joint Program Management Office, Office of Cybersecurity and Communications, U.S. Department of Homeland Security, warned that many cyber response plans, even for large businesses, do not measure up.

“There are very large companies that believe they are prepared, but their preparedness is not based on sound principles and is not based on best practices,” said Echols.

Echols said the threat against smaller businesses, particularly those with 250 or fewer employees, is growing because many of them serve as suppliers to larger companies.

“You [small businesses] are their [larger business’] supply chain, so you are the easy way in. So it’s not that someone is necessarily trying to do something to a small business, it’s that small business is the threat vector and you become the victim.”

John Farley, Vice President and Practice Leader, Cyber Risk Management Services, Risk Services Division, HUB International, advised business owners to call in the experts to help safeguard against cyber intrusions.



J. Adalberto Quijada, U.S. Small Business Administration Santa Ana District Office, welcomes the region's small business owners.



L to R: Echols, Farley, Holt, Bailey, Travelers Regional President Thomas McCormack, Woodward, Small Business California Board Member Laura Harris, McCoy

“A lot of organizations will try to handle a data breach themselves, they think they’ve got this, but there are so many moving parts in the aftermath of a data breach that you really need to bring in experts who know what they’re doing,” urged Farley.

For example, he said there are 47 different state notification statutes by which businesses must abide if personal data is stolen from their computer systems. “Just understand that it’s a very complex and pressure-packed situation that you really need to get right and get right the first time,” he added.

Farley urged business owners to take these additional measures to increase cyber awareness within their workplace:

- Adopt a data governance policy for storing and purging data safely
- Create an incident response plan to effectively address cyber incidents
- Train employees on safe email and internet practices
- Obtain cyber insurance coverage for their business

Access to capital

Nearly three-quarters of audience members indicated they were seeking additional capital for their businesses and more than 60 percent of them were experiencing difficulties accessing this funding.

Inland Empire Small Business Development Center (SBDC) Director **Vincent McCoy** advised business owners to bring solid financial data to the lending table, explaining that lenders are very selective when deciding which projects to fund.

“You have to have good financial data. It has to be accurate. It has to be complete ... And what lenders have the ability to do now even more so is to pick the best projects. So unless you have an excellent opportunity for them to fund, you may have to go to a second lender,” said McCoy.

Garner Holt, President of Garner Holt Productions, a global animatronics company that Holt launched 38 years ago as a teenager in his parents’ garage, advised attendees to seek additional capital when their business is performing well.

“Look for money and find it when you don’t need it, when you’re doing well.” said Holt.

McCoy agreed.

“One of the challenges we see in the SBDC is people come to us too late. They’ve had two years of bad financials, then they want to get a loan. That’s not the time to do it. You have to go when your business is robust, when your financials are strong. Secure that money, even if you don’t need to use it ... do it early,” said McCoy.

Business continuity planning

Half of the audience members said they had a business continuity plan, which is designed to help companies maintain operations during interruptions. Woodward listed four steps for creating a business continuity plan:

1. Identify threats or risks
2. Conduct a business impact analysis
3. Adopt controls for prevention and mitigation
4. Test, exercise and improve the plan routinely

The Riverside event was the 21st *Small Business – Big Opportunity* symposium since the program’s inception in 2011.

To learn more about the *Small Business – Big Opportunity* symposium series, visit travelersinstitute.org/smallbusiness.



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The Travelers Institute, 700 13th Street NW, Suite 1180, Washington, DC 20005

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