



Susan-Says®:
Prepare Your Small Business for the Unexpected.

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Unfortunately, it often takes a disaster of great magnitude to remind us how vulnerable we are. After 9-11, not only did we mourn the loss of so many innocent lives, but we also witnessed the impact on small business. Thousands of small companies were literally wiped out that fateful day. Many never recovered.

As a result of the 9-11 devastation, small firms began focusing on the need to be prepared for the unexpected. Disaster preparedness became a hot topic forcing small business owners to focus on what steps they needed to take in order to minimize the impact of a disaster on their business. But as time passed, the sense of urgency diminished, and for many it was back to business as usual. Enter Hurricane Katrina.

Many small businesses suffered major losses due to the fury of Katrina. Almost overnight, many entrepreneurs who had spent years building their businesses watched helplessly as the storm wiped them out. What compounds the impact is that for most small business owners, their business is their greatest asset. Think about it. What would you do if it happened to you?

“Entrepreneurs underestimate the probability of a disaster or emergency striking their business” say Bill Raisch, executive director of the International Center for Enterprise Preparedness at New York University. “Any small business can be the victim of a disaster; it could be as simple as the sprinkler system going off and damaging computer equipment or be as widespread as a tornado or hurricane damage.”

According to a survey conducted by the National Federation of Independent Business, 30 percent of operating small businesses have been closed 24 hours or longer in the past three years because of a national disaster. Of the respondents who had experienced a natural disaster, 62 percent say the biggest problem was the loss of sales and customers; 18 percent say that the biggest problem was uninsured losses. While many believe in hindsight that they were adequately insured, the lack of adequate insurance coverage was more frequently associated with continuing operations than destruction of physical property.

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“I tell business owners to put their firms to the yellow tape test. Pretend you are walking up to your business and find yellow police tape around it because of an emergency. The authorities give you a five minute window to go in and grab the essentials before you must leave. What would you take? What is essential?” Raisch adds.

It is impossible to prevent a disaster from striking your company, but you can take action in advance to limit the amount of damage your business sustains.

- **Make a List of Business Essentials.** As Raisch advises, carefully assess how your company functions internally and externally so you can determine which staff, materials, procedures and equipment are absolutely necessary to keep your business operating.
- **Create a Contact List.** Make sure you have a list of your suppliers, customers and other business resources located at an off-site location.
- **Temporary Site.** Do your homework in advance, and try to identify a location where you can set up operations for your business if your primary location is not accessible.
- **Document Storage.** Keep duplicate files of all critical business documents at a separate location.
- **Review Your Insurance Coverage.** Meet with your insurance provider to review your current coverage for such things as physical losses, flood coverage and business interruption. Consider how you will pay creditors and employees and how you will provide for your own income if your business is interrupted.
- **Emergency Supplies.** It's a good idea to have a battery-operated radio and extra batteries. Also, you may want to purchase auxiliary generators to keep your power on during emergencies. Other items may include: water, food, first aid kit, whistle, filter masks, plastic sheeting and duct tape; and garbage bags with plastic ties.
- **Computer Systems.** Take a good look at your business computer system and data. It is critical to back up financial information and perhaps invest in an off-site data back up service.

Preparing your business for the unexpected can be scary and overwhelming, but it may be the most important business decision you've ever made. For additional assistance with disaster preparedness, here are some free resources.

- Small business owners can get a free disaster preparedness kit from the Institute for Business and Home Safety at www.disastersafety.org

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- The U.S. Small Business Administration has free, online resources for entrepreneurs to help them create an emergency plan at www.sba.gov/disaster_recov/prepared/getready.html
- The National Fire Protection Association offers firms of all sizes a guide for planning for disasters at www.NFPA.org
- The U.S. Department of Homeland Security has a special site to help businesses keep the doors open during times of emergency at www.ready.gov

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