

# IDEAS FOR GROWING YOUR BUSINESS STRATEGIES

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Last year's tornado in Center Point damaged dozens of businesses, but experts say small disasters can also prove costly for companies.

## Preparing for the worst

### How to craft a disaster plan for your business

BY JOE COGLIANO | ACBJ

Spring has arrived in Alabama, and so has increased risk for severe weather events. In both 2011 and 2012, the Birmingham area was affected by major tornado events that caused plenty of damage and headaches for businesses of all sizes.

But while those large-scale events garner national media attention, odds are that companies will more likely be impacted by simple happenings such as a power outage, a water main break, a chemical leak or other problems that could disrupt business.

"It's the small events that will most likely affect small business," said Gail Moraton, business resiliency manager for the Insurance Institute for Business & Home Safety. "It doesn't have to be a hurricane or earthquake."

Experts say one-in-four businesses that close during a disaster will never reopen, but having a disaster plan significantly boosts the odds.

The institute created a business continuity planning tool that lists basic steps for preparing and protecting property, especially made for small businesses. Among the top tips:

- Create an outline of the top business functions and prioritize. Get employees involved, have them write down what they do on a daily basis. Add in periodic activities that may occur only monthly, quarterly and yearly;
- Make a list of supplies, equipment and software needed to do important functions;
- Gather employee and supplier contact information; and
- Find a backup facility.

Recent disasters, such as Superstorm Sandy, exposed several other business vulnerabilities that may not have been as much of a consideration in the past — even for businesses that weren't in the storm's path.

Data backup became a bigger issue. Many businesses thought they were safe, but Sandy was so large it affected facilities where backup data was stored. So experts now recommend finding a data backup provider with redundant backup systems that are much further away.

In addition, supply chains were strained more than ever.

For example, even West Coast businesses were affected by Sandy — which hit the East Coast — because they had only one source for a part or ingredient, located in the storm area, and no backup vendor.

Carol Chastang, a spokesperson with the U.S. Small Business Administration, also encourages businesses to expand their supply chain. For example, a restaurant that gets all its paper goods from a local supplier should establish and maintain a relationship with a company in another state.

Chastang said you may not use that vendor much, but keep in touch so they can be available at a moment's notice.

Also, contingencies need to be put in place for key people, such as those who handle IT, financial and legal issues.

"If those people weren't available, what would you do?" Chastang said.

Crisis communications also are an essential part of disaster planning. Chastang suggests businesses establish a point of contact and train that person to handle internal and external communications. That includes dealing with the media and customers.

"Nothing hurts a business more than the word of mouth, especially in a small community, that always develops in the aftermath of a disaster," Chastang said. "When your customers walk by and they see the boarded up window, or just the lights are out and they know you've been hit by a disaster, but that's all they know. They don't know that you're in the process of rebuilding or that you're going to open again."

The Insurance Institute's Moraton said businesses can't over communicate with employees, suppliers and customers during a disaster.

Another big key to disaster planning is having a copy of the plan in multiple locations. It does no good to come up with a good plan that is sitting at your office out of reach.

"Just don't have it on your business computer, have a copy at your home," Moraton said. "Put one on a thumb drive and keep that at home. Keep a hard copy in the trunk of your car."

Joe Cogliano writes for the Dayton Business Journal, a sister publication.