



Preparing Business for **UNFORESEEN DISASTERS**

By Alan Lamme

The Lone Star State is no stranger to natural disasters, but the last one was a whopper. In the wake of Hurricane Harvey, multitudes of businesses across Southeast Texas had to shut their doors either temporarily or permanently. While it's almost impossible to predict or prevent these events from occurring, it is possible for Texas businesses to reduce their impact by developing a disaster management and recovery planning strategy.

According to recent data from the Federal Emergency Management Agency (FEMA), between 40 and 60 percent of small businesses never re-open their doors following a disaster. Every year, tornadoes, hurricanes, earthquakes, and other natural disasters damage billions of dollars of worth of property and injure and kill thousands of people. Additionally, natural disasters can often catch small businesses off guard. Hurricane

Harvey's estimated total damage costs could exceed \$180 billion dollars.

Even if your business has remained safe through prior disasters, severe weather incidents are increasingly affecting all parts of the U.S. From disastrous winters in the upper-Midwest and east coast to wildfires raging in the West to tornados in the middle of the continent, businesses of all sizes need to be prepared for the worst.

It's not just natural disasters that can negatively impact a business. Everything from a key supplier's failure to deliver critical inventories to a flu epidemic or an act of terrorism can put Texas businesses at risk of closure. While all of these events are frightening to ponder, all businesses don't have to become a statistic. Although it's out of one's control to know when a disaster might strike, there is at least some control to be had via preparation.

Develop a Plan for Disaster

For most businesses, there are four phases of a disaster: mitigation, preparedness, response, and recovery. Putting detailed plans in place or developing a mitigation plan prior to a disaster is a must. By developing a comprehensive disaster plan, business owners can indeed mitigate the harsh impacts of unfortunate events that may or may not occur in the future. A first priority is developing strategies to deal with the disasters that are most likely to occur, affect critical business functions, and would have the biggest negative impact. However, the plan should ultimately encompass all the disasters that could potentially affect your business.

Begin by identifying what natural disasters your business and your region are susceptible to. This might include incidents specific to your business, such as the potential for power outages during peak business times, a

bursting pipe that floods your building, a loose wire that ignites a fire, or regional natural disasters such as a flood caused by storms or a wildfire caused by drought conditions.

Next, pinpoint which business operations are mission-critical to keeping your business up and running. For example, being able to communicate with customers and ship orders in a timely fashion is a critical business operation and so is paying employees and vendors. However, updating your business's blog or placing advertisements are not critical.

Finally, project how each type of disaster on your list might affect your critical business operations and your business as a whole. If a fire burned all of your computer hardware or customer records, how would you process orders? If floods kept employees from getting to work, how would you serve clients?

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How would major disruptions impact your business as a whole? Some of the negative impacts to consider might include lost or delayed sales or income, insufficient cash flow to cover expenses, and dissatisfied customers. Also, take into consideration a plan for outsourcing business to other areas not impacted by disaster, hire temporary employees, or pay additional fees to expedite shipments. These are all areas that can be planned for in case unplanned events occur.

Economic and Social Conditions of Location

Disaster preparedness, emergency management, and post disaster recovery is highly dependent on economic and social conditions local to the disaster. However, the basic steps for disaster management remain the

same in all scenarios. Preparedness is the first step to counter disaster, which involves developing a plan of action. It also includes communication, chain of command development, proper maintenance, and training of employees along with development of emergency warning systems, emergency shelters, and evacuation plans.

How quickly a company is able to recover after a disaster usually determines how successful they are in the future. Adequate preparation creates trust among clients and will allow a business to continue without too many damaging effects.

Backing Up All Electronic Data and Making Communications Plans

With most business transactions conducted electronically, it is crucial that files and data are backed up and saved. A company may not be able to reestablish itself without important

financial and client databases. It is recommended to save all of your files, including the last few years of taxes, at least two times. Then store one in a waterproof container at the office and the other in an offsite facility. Anything that you are currently working on should be mailed to yourself on a Web service that can be accessed from any computer.

One area that is often overlooked is how employees might communicate in the midst of a disaster. How easily can your team members connect with each other? Investing in the right networks and communication tools can streamline the communication process. Whether it is establishing group calls, using video conferencing, or answering quick questions via instant messaging, communication tools provide the flexibility for your workers to communicate with each other in a way that's right for every need and situation.

Adequate Insurance Coverage

Before a natural disaster is given the opportunity to blow your business away, make sure to review your insurance policies. What kind of coverage do you have on your facilities and properties? Are they enough to ensure your recovery if a disaster does physically destroy your business? Small business owners should also consider business interruption insurance in case you have to close your doors for a substantial amount of time.

While it's human nature to believe that disasters will not impact a thriving business, in light of the recent historic disasters in Texas and other states, getting prepared and putting a plan in place can indeed help to cushion the blow of unforeseen events and put a business back on its feet quickly, when revenue and income is needed the most. **N**

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