

Business Recovery: Planning for Disaster

It is impossible to know when a disaster such as a flood, hurricane, earthquake or tornado is going to strike. When it does, the ability of your business to weather the storm and quickly resume normal operations may depend on the measures you take today.

Here are a few tips:

- Prepare an inventory of the items and equipment used in your business. You may also want to videotape these items and then store both the inventory and the video in a safe location, away from your property.
- Back up your business computer records at least weekly and store a copy of this information in a safe location off-site.
- Develop a list of your computer hardware and software, including model names and serial numbers. Also include the name of one or two computer equipment suppliers who could assist you in setting up in an emergency.
- Consider where you could temporarily relocate your business in an emergency to continue operations.
- Construct a financial plan to cover continuing payroll expenses and debt obligations.
- Keep a name and telephone number list of contractors or repair firms who could make emergency temporary repairs or board up windows should some of your buildings be damaged.
- Maintain a list of key suppliers, creditors, customers and employees you need to contact in case your business operations are interrupted. Consider occasionally using suppliers outside your local area so you have a source for items should your local suppliers also be impacted by the disaster.
- Keep a list of your insurance policies with your agent's name and telephone number.

If disaster strikes

If your business has incurred damage, contact your agent. If you have already reported your claim, your claim representative will assist you with your questions and will provide helpful information regarding the claim process. While not a comprehensive list, the following ideas can help get your business back on the road to recovery.

Safety First

The safety of employees and the general public, as well as verifying your business is operational, should be a priority.

Whether you own your building or not, the safety of employees, customers and others who might be on the premises is an important consideration.

- If you own the building, take prudent steps to determine the building's safety and the extent of damage.
- Make temporary repairs necessary to protect your property from further damage, such as boarding up windows or doors and covering holes in the roof.
- If you do not own the building, notify the owner of any damage.
- If the building is not useable, consider an alternative location to conduct your business. Discuss relocation plans with your claim representative.
- In the event utilities, phone service, gas lines, etc. need to be restored, contact the appropriate companies for repair service.
- Consider restoration of damaged fire detection and sprinkler systems.

Security

In post-disaster situations, the physical security of your building and contents should receive immediate consideration.

- Determine what actions are needed to secure entry points to unstable buildings, reducing the likelihood of unauthorized people gaining entry.
- Consider restoration of burglar alarm systems,
- Consider the possible need for security guards in the event additional protection is needed to reduce the chance of further loss to your business property.
- If you do not own the building, work with the owner to determine the best means to protect your property.
- If necessary, relocate equipment and property to a protected area.

Damage Assessment and Cleaning

Perform an inspection of your property. Compile a complete description of damage, including damage to your building, equipment and inventory.

After itemizing, set damaged property aside and in the best possible order for examination. If circumstances require immediate disposal of any property, it is advisable that photographs or other documentation be retained in order to identify all items destroyed.

Consider the condition of the ventilation, drainage and other sanitation systems within the building. If you and your employees are involved in clean-up activities, consider appropriate safety gear such as gloves, eye goggles, etc.

Business Interruption

Your business insurance policy may respond to the loss of business income from an insured loss. Review this coverage with your agent and/or claim representative. If your policy provides business interruption coverage, the following items will assist you in the claim process:

- Historical sales records
- Income and expense information as shown in recent profit and loss statements and/or income tax forms.
- A record of extra expenses incurred to resume business operations after a covered loss. Such expenses could include temporary rental space, temporary equipment rental and moving expenses.
- Receipts/records for damaged inventory.
- Other business records that may help project what your business's profits might have been had a loss not occurred.