

Disaster Preparation

Written by Steve Marr

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The destruction of the World Trade Center several months ago underscored the need for every business to prepare for the possibility of a catastrophic loss. Fortunately, not every disaster will be as dramatic or massive as the situation in New York, but every year hundreds of thousands of businesses are struck by storms, fires, floods, and other calamities. Two cases in point, with decidedly different outcomes:

A tornado sliced through Dr. Mary Beth's medical offices, ripping the building off the foundation and scattering the contents over a wide area. Robert, a print shop owner, received a call one night from the fire department telling him that his business was ablaze. He arrived just in time to watch the roof come crashing down. Equipment, records, and work in process were totally destroyed. Both business owners had insurance and both received settlements, but Robert's print shop never reopened, whereas Mary Beth's medical practice was up and running within four days. The difference was in her advance preparation and planning for a possible disaster.

The first step in disaster preparation is adequate planning, "The plans of the diligent lead surely to advantage but everyone who is hasty comes surely to poverty" (Proverbs 21:5 NASB). Creating a contingency plan before disaster strikes is often the difference between a speedy recovery and possible business failure. A well-conceived disaster plan will cover the two most essential aspects of your business operation: protecting vital information, and getting your business back on its feet.

Protecting Vital Information

Start by making a list of all important information, both customer and internal, and assess what the impact would be if that information were lost. Devise a backup plan to secure any information you can't afford to lose. Develop a list of key records and determine if the data will best be protected internally by secure storage or by copies kept offsite. For example, make sure that your attorney has a complete copy of all legal documents, and back up your computer files at the end of each day. If offsite storage isn't practical for some reason, store the information in a fireproof cabinet in your building. In Robert's print shop, customer orders and past templates were destroyed by the fire. If the templates had been stored in fireproof cabinets, the business might have been able to continue. In Mary Beth's medical practice, all computerized customer information and financial records were copied onto a disk and taken home by the office administrator every night. Although the company's paper files were completely lost in the tornado, the computer files were reconstructed the next day.

For most businesses, key information will be divided into three areas: customer and vendor, operations, and corporate records. Important customer information includes product specifications and key contacts-the kinds of things you need to know to continue providing service. Keep backup vendor information so you can immediately order needed supplies and replace equipment quickly. In the event of an emergency, your vendors will be able to help you get back up and running. Copy your current contact list each month and take that copy home. Next, compile information needed to provide the necessary infrastructure for conducting your business, like replacing phones, computers, and equipment. Finally, make arrangements for

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securing your corporate records, employment files, accounts payable and receivable, and other vital records.

Getting Your Business Back On Its Feet

Next, write out a plan (and keep a copy offsite) specifying who will be responsible for what in the event of an emergency. If you're a sole proprietor the plan will help you establish your priorities in advance. During a crisis, you may not remember everything that is important, and a plan will help you make good choices. Include on the list contact information for telephone service, electrical work, and computer and shop equipment replacement.

Determine how customers will be contacted and who will be responsible. Most customers will work with you if you have a plan, but you must communicate proactively and honestly about how you will meet your commitments. Also, be forthright with your staff about the extra effort that will be expected-and needed-to move the business through troubled waters.

Next, review your insurance coverage to determine if it is adequate. Is business interruption covered as well as replacement of lost documents? A careful review will protect your financial interests and allow for effective rebuilding. Keep a copy of your policy in a secure location.

Most business disasters will not result in a total loss. Chances are your business will be able to continue without moving into temporary facilities. But just in case, you should have a contingency plan in place. Pray that you never have to implement your plan, but have it ready for that worst-case scenario, and you'll be prepared to keep your company in business.

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