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Disaster Response And Recovery Planning

Every year disaster strikes a certain number of small businesses, whether it is fire, earthquake, hurricane, tornado or something else. An August, 2011 poll of small businesses by Wells Fargo found that less than a third (31 percent) of business owners said their businesses are ?extremely? or ?very prepared? for such disasters. Over half (54 percent) indicated they were not concerned about a disaster impacting their business.? The results suggested that more business owners were prepared on the home front than on the business front. Only 37 percent of business owners surveyed said they had a defined and practiced emergency plan at work compared to 54 percent at home.(Note the poll is posted at https://www.wellsfargo.com/press/2011/20110829_SBIEmergencyPreparedness [1]).

The Insurance Information Institute estimates that 25 percent of businesses do not reopen following a major disaster.

(See also National Federal of Independent Businesses, Small Business Poll, Volume 4, Issue 5, 2004, Background:Disasters, posted at http://www.411sbfacts.com/sbpoll-about.php?POLLID=0023 [2])

To reduce the destructive impact of these disasters, you should have a plan?both to respond to the immediate emergency and to get your business operating again, even if your usual premises and business equipment and materials have been destroyed. This requires careful advance planning. You may find helpful the publications and small business planning aids from the nonprofit Institute for Business & Home Safety [3] (IBHS), an insurance industry organization whose purpose is to make homes and businesses safer from natural disasters.

Generally, risk management experts recommend the following actions as preparation for immediate disaster response:

- Write an emergency response plan, train employees how to use it and use drills to reinforce the training. Learn from the drills and improve the plan.
- Store emergency response supplies such as first-aid kits, flashlights, heavy gloves and battery powered radios.
- Plan for the backup resources you may need during an emergency, such as alternative sources of power and communications systems.
- Have a written plan of action to carry out immediately after the disaster to ensure the security of your building and contents. A typical plan includes such actions as:

  - Securing entry points to reduce the threat of unauthorized access

  - Ensuring your burglar alarm system is working

  - Hiring temporary security guards

  - Making any needed temporary repairs?for example, boarding up windows or doors and covering holes in the roof to protect your property. Plan ahead by knowing which contractors you would call if needed to perform this type of work and having

their phone numbers (including cell-phone numbers) readily available.

- Possibly relocating equipment and property to a protected area

- As soon as feasible after the disaster, thoroughly inspect your property and record a complete description of all damage to it.
- Keep damaged property for inspection unless circumstances make immediate disposal necessary. In that case, try to make a photographic record of any items that are being disposed of.
- If you and your employees are involved in clean-up activities, use appropriate safety gear such as gloves, eye goggles, etc.

Consider how you would resume critical business operations quickly after the total destruction of your premises and the property located there. As part of the plan, you need to line up alternative facilities, replacement equipment, supply sources, etc. Here are some suggestions:

- For an alternative facility, you may want to consider making a reciprocal agreement with a competitor outside of your immediate area so that if either of you experiences a disaster, the other will temporarily share its facilities.
- If you rely primarily on suppliers in your local area, consider developing relationships with suppliers from further away in case your local suppliers are affected by the disaster.
- Have a communications plan for letting your customers know how to reach you if you cannot use your usual premises.
- Compile a list of important phone numbers, including cell phone numbers. The list should include company officials and employees (home and cell-phone numbers), local and state emergency agencies, major clients or customers, contractors, suppliers, realtors, financial institutions, insurance agents and claims representatives.
- Store the following information offsite:

  - A list of important phone numbers

  - A list of your insurance policies

  - An inventory of business equipment and other items (you may also want to have a videotape of these items)

  - Back ups of your business computer records

- Review your disaster recovery plan on a regular basis and communicate changes to key employees.

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