

National Preparedness Month: September 2008

SMALL BUSINESSES, BIG RESPONSIBILITIES:

Emergency Preparedness for Small Businesses

By John Cavanagh and Anne Malia

According to the Red Cross, over 40% of small businesses hit by a natural disaster do not reopen after the emergency. This is not surprising: When disasters occur, they can strike unexpectedly, and they can strike hard. Small businesses often are already stretched to their financial limit, even *before* having to contend with a catastrophe. While a corporation can easily maneuver funds for recovery purposes, a small business is vulnerable because it usually does not have access to the amount of instant capital available to a larger company. In short, a small business can't afford to be unprepared. In dealing with emergencies, the key to survival is always preparedness. There are precautions that every small business owner can take, and that might just make the difference between failure and success, should a disaster occur.

Recommendations

The Palm Desert Chamber of Congress offers tips on emergency preparedness for small businesses. Some of their suggestions include:

- Keep staff roster and home, cell phone and emergency contact numbers in the trunk of your car or another place outside of your business.
- Keep hard copies of all necessary forms for the daily operation of your business (i.e., order forms, receipts, sales forms, claim forms, etc.) That way, they can be accessible in use in case of electricity loss.
- Develop a business emergency kit (i.e., blank paper, carbon paper, sharpened pencils, hand-operated pencil sharpener, duct tape, scissors, cord, markers, etc.).
- Develop an emergency survival kit for your office (i.e., flashlights, batteries, water, food, paper cups, first-aid supplies, toilet paper, zip-lock bags, blankets, manual can opener, etc.).

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- Have all staff members keep personal emergency kits, including change of clothes and tennis shoes, on-site or in the trunk of their car.
- Know location of gas and water shut-offs, and have tools to turn them off.
- Know how to manually open your cash register, or have a cash box handy. (Do you have enough small bills on hand in case of emergency?)
- Develop a relationship with a sister business in another city. (For emergency contact and/or to keep your business running on a night shift.)
- Know which staff in your organization knows first aid, CPR, etc. If there is no one, have a staff member trained.

Risk Analysis

The Coordinating Committee of New York recommends that, when planning for a disaster, special attention be given to risk analysis (the process of identifying credible threats that could cause an interruption in a business). Certain risks can come from within a business, for example, an organization that has a kitchen on its premises or one that stores hazardous cleaning chemicals onsite. Other risks come from external forces such as flood, fire, loss of power, or a natural disaster. A detailed risk analysis should consider an organization's physical surroundings, and include elements such as security, emergency lighting in halls and stairways, fire escape routes and exits, storing of toxic chemicals, etc. There are organizations and professionals that can be hired to help with this process. Additionally, most insurance brokers have experts that they can recommend as well. The National Fire Protection Association (www.nfpa.org) publishes codes and standards intended to minimize the possibility and effects of fire and other risks.

Preparations and Recovery

Insurance could be the crucial factor in a small company's ability to recover from a disaster. Therefore, it is imperative that you make certain to keep your business insurance current. Consider "business interruption" and "extra expense" coverage. Make sure to keep copies of important insurance papers offsite. Also,

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keep off-site copies of inventory, equipment list, tax returns, and computer back-ups. Take “before” photographs of your business, building and inventory. Keep these photos off site, as well. Following the disaster, it is a good idea to maintain a daily log of all actions taken (insurance adjuster visits, visit to FEMA office, temporary shelter costs), including all expenses. Keep all records of estimates of repairs, invoices, receipts, canceled checks, etc. Take photographs (or a video) of the building and its inventory to compare with the photos you took before the disaster. If appropriate, file for Federal Emergency Management Agency (FEMA) and Small Business Administration (SBA) assistance.

Resource for Businesses Preparedness:

Open For Business

<http://www.ibhs.org/docs/OpenForBusiness.pdf>

The Institute of Business and Home Safety produced this disaster planning toolkit to protect small business owners, their employees, and their customers from disaster loss. The publication also provides information on protecting a small business’s critical resources, developing a business continuity plan, and an incident response and recovery checklist.

About The Authors

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