

STAYING OPEN FOR BUSINESS

Emergency Preparedness for the Small Business Owner

Small business owners rarely have sufficient time to meet all demands for their time. The one effort that could save a business in the face of a disaster is usually found on that list of procrastinations that are in the “one of these days” category. Emergency planning requires the small business owner to consciously think of the scenarios that might result in a total failure; not something we are prone to do. Small business owners tend to be energetic, enthusiastic and very positive thinkers but for emergency planning purposes we need to put on a pessimistic thinking cap for just a short time.

Before making any attempt to develop an emergency plan for your business, think for a moment about the worst things that could happen. How would it affect your business and your family? Would the business survive if it were to close down for weeks, months, or perhaps the entire revenue season?

There is no point in putting effort into a business emergency plan if a basic risk assessment has not been completed. Here’s how to do that task:

1. List all the things you believe could interrupt your business. This is the list of threats.
2. List all of your business assets in high level categories. E.G. people, information, technology, facilities, inventory, proprietary samples and research results.
3. Map each threat to the list of assets and determine the level of risk as low, medium or high.
4. Focus on doing something to control the high risks to your assets.
5. There are essentially three ways to manage risk;
 - Implement procedural or physical control mechanisms that will reduce the effect of the threat
 - Transfer some of the risk by purchasing insurance
 - Accepting the risk and developing business continuity plans

While specific amounts of insurance are a normal business requirement, ideally we would use all three risk management solutions in varying degrees. In all cases a business continuity plan is a requirement that forms an integral part of the control mechanisms.

When I coach large corporations and government departments on the fundamentals of business continuity planning, I encourage them to focus on the four elements that are essential if we are to recover business operations; People, Information, Technology and the Workplace with the ability to communicate during an emergency being a part of Technology section. The small business owner needs to be concerned with the same four ingredients of a disaster planning recipe but with a different emphasis on each element.

Here are the essential of business continuity planning for small business owners.

1. List all the business processes for your company
2. Determine to the best of your ability a point in time at which each business process must be operational following a disaster. E.G. Shipping - 48 hours, Receiving - 4 hours, Accounting – 6 days. Ask yourself, key employees, and customers why this point in time is important. Try to determine if the point in time is realistic under severe disaster conditions.
3. Once the point in time is agreed upon, write it down and label it the Recovery Time Objective (RTO). Do this for each business process. The list of RTOs ordered from shortest to longest becomes the recovery priorities for the overall business.
4. Ask yourself and key employees what you depend upon to provide your service or product. Attempt to determine if you could realistically expect to have access to these dependencies to meet the established RTOs.
5. Determine what you would need to meet the RTO for each business function. Do this in the categories of People, Information, Technology and Workplace.
6. Carefully consider your communications requirements for use during a disaster keeping in mind that cellular communications usually overload quickly in a regional emergency.
7. Document all your requirements in your “Business Continuity Plan”

Things to do immediately keeping in mind that you cannot recover your business without People and Information:

1. Ensure all employees can safely evacuate the facility in the event of an emergency. Test this capability at least twice per year.
2. Be prepared to assist your employees if the disaster is regional such as a major winter storm with a power outage. Helping your employees puts them in a position to help the business.
3. Make an emergency contact list. This is the simplest most effective thing you can do to save time following a disaster. Just knowing how to contact people is a huge relief and be certain to thoroughly consider all the emergency specific special contacts you might need such as a restoration specialist, your municipal emergency measures office and health authorities. I prefer a Palm Pilot type system because it is always up to date with your computer contact list. However any type of emergency contact list will work as long as it is up to date.
4. Back up all your information stored on computers. If you are not sure how to do this get some help from a local computer company. It is easy and inexpensive but requires discipline to make the back up at least once per week and more often if critical data changes frequently. Store the backups in a safe location that will not be impacted by the same regional disaster. If you store data on back up tapes be aware that there are environmental requirements such as heat, humidity and sources of magnetism that could adversely affect the reliability of the data. Consider storing data on removable hard drives; this technology is relatively inexpensive, creates duplicates faster and is easier to administer than tape back ups.

5. Copy all paper records that would be required to continue business operations and do not exist anywhere else. These paper based documents are called Vital Records and might be required for insurance claim purposes, liability requirements or tax authorities for example. This is a good job for a local student on weekends. Ideally, copies of Vital Records should be kept in a location that would not be impacted by the same regional disaster. In practical terms that might not be feasible and your home or a rented storage unit might be the pragmatic solution. Do not store these records in your home basement if you have a sump pump!
6. Inventory all your equipment and make a detailed video of the workplace. With current digital video cameras, the image can be stored on a laptop computer that would be accessible following a disaster. Alternatively the video should be stored with your Vital Records.
7. Finally, prepare to be able to communicate during an emergency. For a number of reasons, cell phones are a notoriously weak means of communications immediately following a disaster but usually improve over a period of days. Be capable of operating your laptop computer and charging your cell phone batteries from your vehicle during an extended power outage provides you with extended emergency capacity. Purchase additional chargers for the laptop and cell phone along with a 300 watt, 12 volt to 110 volt inverter. The inverter is available from all Canadian Tire stores. Pick up a soft sided tool bag to hold the cell phone and laptop chargers in addition to a few basic office supplies that you will need in an emergency. Keep this bag in your vehicle.

If you would like to comment on this article or provide additional suggestions please contact the author at bmiller@vanguardemergency.com. I will put updates and suggestions in the small business section of our web site www.vanguardemergency.com Business continuity and emergency preparedness information for small business is a free service on our web site.