

How Small Businesses Should Plan for Disasters

By [Karen E. Klein](#), Bloomberg Business
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Photograph by Blake Sell/AP Images

Sveinn Storm pumping water out of his flooded store, Storm Bros. Ice Cream Factory, in October 2012 in Annapolis, Md.

Question: After Hurricane Sandy, I didn't even have time to think about preparing for the next disaster. Now that my business is finally running smoothly again, I'd like to prepare in case another major storm hits. What should I be doing?

Answer: You're ahead of the game, since your business has survived one major disaster and you're familiar with what it takes to recover and reopen. The U.S. Small Business Administration estimates that one-quarter of businesses that are hit by disaster fail as a result.

Even after coming through a catastrophe—whether it be a hurricane, fire, or terrorist attack—some small business owners don't prepare for the next one, says Bob Risk (yes, it's his real name), who owned a 65-employee disaster cleanup business for 18 years and now works as a safety expert for Staples. "I've seen people get hit with a flood, fight to get back into business, talk about how terrible it was, and then three months or three years go by and the exact same thing happens—and they haven't taken any measures to deal with it."

If you're worried that disaster prep will be costly and time-consuming, those fears are unfounded, says Bob Boyd, president and chief executive of [Agility Recovery](#), based in Charlotte, N.C. Small steps can make a big difference. "Don't get paralyzed by worrying about big solutions that are expensive when it's easy to knock off the low-hanging fruit," he says.

Boyd recommends you start at the SBA's [disaster planning site](#) and think through the three major problems that result from disasters: loss of power, loss of communications, and loss of property. "If you can take phone calls and keep production going, you'll be light years ahead of your competitors. Your customers will never come back to you if your business fails them. But everyone will come to you—and they'll never leave—if you prove your business to be successful and trustworthy," he says.

Here's what to do:

Plan for power loss. Talk to an electrician about what kind of generator you would need to power your business and how to get one in a hurry. "Most business people don't know what they would need if they had to find a generator someplace," Boyd says. If you plan ahead, he says, "as soon as you lose power, you can make one call and get one."

Plan to communicate. With power down, you may not be able to rely on electronic devices or have access to important contact information. "Make sure your employees know how to reach you and how you'll communicate with them in an emergency, whether it's on Facebook, Twitter, or through text messages," Boyd says. Print out important phone numbers, bank account numbers, credit-card numbers, and any other information that is critical to your operation and update it regularly. Then put hard copies in several locations and make sure your staff knows where they are located.

Plan to keep working. Your final major hurdle will be finding a place to work if your location is under water or otherwise inaccessible. "Think through where you're going to go, and don't just rely on a work-from-home strategy," Boyd says. "If your office is dark and unconnected, your home may be also. Come up with some remote locations where you can relocate temporarily, perhaps setting up a reciprocal arrangement with a business or a friend in another city."

Buy basic supplies. It's easy to purchase emergency preparedness kits and keep them in your office, your home, and your car. They can be expensive, though, and will probably include many items you don't really need. "Grabbing an old duffel bag and throwing some basic things in there can meet your requirements just as effectively," Risk says.

What should be in it? Risk suggests crank-powered radios, flashlights, and cell-phone chargers; heavy-duty extension cords; emergency water; mylar blankets and inexpensive ponchos; and rubber boots that can be pulled over your shoes. Don't forget easy to carry emergency food, such as high-calorie energy bars with long shelf-lives. And, for 50¢ or \$1 each, glow sticks on lanyards provide 12 hours of light in case you need to evacuate your employees or walk home after dark.

Prepare your employees. "Designate a disaster preparedness point person, or team, to spearhead the planning efforts," Esmail Hozour, chief executive of Palo Alto (Calif.)-based Etón, which sells preparedness products, writes in an e-mail. That team should set up an area for employees to meet in your building or outside it; maintain an updated list of employees to make sure everyone is safe and accounted for after a disaster; display emergency contact information in a central location in your workplace, and encourage your staff to enroll in first aid and CPR classes, paid for by your company.