

Are you prepared to stay in business?

Written by Patricia Brown-Dixon, Region 7 Administrator of the U.S. Small Business Administration
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U.S. Small Business Administration

Imagine stepping into your store, or restaurant, or the office where you run your business a day or two after the tornado has passed, or floodwaters have receded. Unfortunately for thousands of business owners across the country, this scenario is more than just imagined. It's a reality that leaves them to deal with the heartbreak of picking up the pieces in the aftermath of a disaster, and with a whole host of unanswered questions. "How much will it cost me to rebuild?"

"Will my insurance cover all of this damage?"

"How will I pay my employees and vendors and cover the bills during the recovery phase?"

During the past 18 months, the U.S. Small Business Administration has approved more than 2,400 business disaster loans for \$372 million. SBA disaster loans go a long way toward revitalizing communities devastated by the economic fallout that follows disasters. But at SBA, we also encourage small business owners to plan ahead – a solid preparedness plan will help your business recover sooner, without taking on new debt.

It's human nature to put off planning for unpleasant events. It's easy to believe the big tornado, wildfire, earthquake or flood – or today's drought - will happen somewhere else to someone else. Cataclysmic disasters are admittedly rare, but how about the simple sprinkler system accident inside your place of business that destroys expensive inventory and equipment? It can just as surely shut your business down for days – or maybe for good.

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Here are a few preparedness basics to consider:

- Review your insurance coverage. Contact your agent to find out if your coverage is right for your business, and make sure you understand the policy limits. Ask about Business Interruption Insurance, which compensates you for lost income and covers operating expenses if your company has a temporary shutdown.
- Establish a solid supply chain. If all your vital external vendors and suppliers are local, the disaster that strikes you will also strike them, and each of you will struggle to recover. Diversify your list of vendors to include companies outside your local area, if possible. Create a contact list for contractors and vendors you plan to use in an emergency, and find out if those suppliers have a recovery plan in place. File this list with other important documents in an off-site location that's accessible and protected.
- Plan for an alternate location. Do some advance research for alternate locations should a disaster force you to relocate. For example, contact a local real estate agent to get a list of vacant office space or make an agreement with a neighboring business to share space if needed. Establish a plan for employees to telecommute until you rebuild.

When it comes to disaster recovery, the Federal Emergency Management Agency (FEMA) is SBA's partner, providing assistance to individuals in the form of grants and housing assistance. When it comes to preparing, www.ready.gov is a good place for tips on building a plan for your home or business.

The SBA also has teamed with the American Red Cross and Agility Recovery Solutions to provide online resources to help small businesses prepare for unexpected disasters. Find out more at www.sba.gov/prepare.

The financial and emotional cost of rebuilding after a disaster can be overwhelming. However, with a business continuity plan in place, you'll be able to rebound and reopen quickly in a

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stronger position to contribute to the economic recovery of your community.