



Is Your Business Protected if Disaster Strikes?

A disaster plan can help your business survive a worst-case scenario.

What would happen to your business after a fire, a massive data breach or the sudden loss of a key employee? Would it recover? How long would it take? If you've never really thought about the answers to these questions, it's time to make a disaster plan.

Operating your business without a disaster plan is like driving without insurance: It leaves you vulnerable to forces outside of your control. Here are some steps to take to guard your business against possible catastrophes.

Identify your risks

The first thing you need ask is what are the biggest risks your business faces? Consider which disasters would be the most damaging and which are the most likely to occur.

The list you come up with will depend how your business is structured and where it is located. For example, a business that stores data on onsite servers could potentially lose more in a fire than a business that stores data in the cloud. Both may be susceptible to cyber attacks. Your business may operate in an area prone to certain natural disasters, such as flooding, hurricanes, earthquakes, tornadoes or wildfires.

As you list risks, don't forget illnesses. Besides widespread infections that could shutter public-facing businesses—as we've seen with the COVID-19 pandemic—a single key worker becoming ill can interrupt operations. For a checklist of these and other risks to consider, visit the U.S. Department of Homeland Security's Ready.gov website.

Address those risks

There may be actions you can take now to mitigate some of the risks you've identified. For example, you can digitize hardcopy data and store digital data on multiple servers to avoid losing vital information in a disaster. You can update your company's digital security protocols to deter cyber attacks. You can also take steps to reduce fire hazards, such as faulty wiring, and make structural improvements to defend against extreme weather or earthquakes.

Make a plan

Mitigating these risks, of course, won't eliminate them. Write a detailed action plan for each risk you've identified. For example, when planning for a hurricane in a coastal city, consider how you'll keep employees safe, including how long before and after the storm they should remain at home. Next, consider how you will protect your property. Do records or equipment need to be moved? Do windows need to be boarded up? Who will perform these tasks?

Include a communication strategy in your disaster plan for notifying employees and customers of an emergency. Communicate the steps you are taking to address their immediate needs and keep them updated as new information becomes available. Keep an updated emergency contact list including employees, suppliers and any other professional contacts you will need to reach. Decide who is responsible for contacting them before, during and after an emergency.

Review your insurance

As you create your plan, review your commercial insurance policy for any gaps in coverage. For example, commercial property insurance typically doesn't include coverage for flood damage. You may have to purchase a separate policy to cover some disasters. You also may want to consider business interruption insurance, which can make up lost income if your business shuts down in an emergency.

Learn about assistance programs

Even if you are well insured and have a great plan, recovering from a disaster can be difficult. Identify resources that can provide support and aid to help you rebuild. If you need to replace property that isn't covered by your insurance, you may be able to apply for a low-interest loan from the Small Business Administration (www.sba.gov). The Federal Emergency Management Agency (FEMA) doesn't offer direct assistance to small businesses, but may be able to provide housing assistance as well as funds to help employees cover necessities such as food, clothes and medicine.

In an ideal world, you'd never have to use your disaster plan. But by taking the time and the proper steps to prepare, you can be sure you're doing what you can to protect yourself, your employees, and your business from the worst-case scenario of a disaster.

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