

Small Business Disaster Preparedness Planning

Statistics show 25% of businesses that close because of disaster never reopen. Small businesses are especially at risk because few have the resources to assess their risks and develop recovery plans for the future. Developing an effective and workable disaster recovery plan is critical for all small business owners. For more information on disaster planning go to www.sba.gov/disaster and <http://www.ready.gov/business/implementation/continuity>.

Disaster Readiness Plan Steps

See the [Recovery Overview Checklist](#) to check your progress as you plan.

1. Evaluate your exposure.
 - Know your region and the types of disasters most likely to impact your business.
 - Consider your facility's proximity to flood plains, wildfire areas, rivers and streams, dams, nuclear power plants and other hazards. Put plans in place for each potential disaster and threat.
 - [See corresponding worksheets to plan.](#)
 - See <https://www.fcc.gov/cyberplanner> for cyber threats.
2. Review your insurance coverage. Now is the time to consult your insurance agent to determine whether your coverage is sufficient.
 - Make sure you understand what's covered by your policy, and determine if you need flood insurance; remember many general policies do not cover flood damage.
 - Check into business interruption insurance, which helps to cover operating expenses if you're forced to temporarily close.
 - Calculate the cost of business interruptions for a day, week, month or more.
 - To the extent possible, set aside a cash reserve that will allow your company to function during the recovery phase.
3. Review and prepare your supply chain.
 - Develop professional relationships with alternate vendors, in case your primary supplier isn't available. Place occasional orders with them so they'll regard you as an active customer.
 - Create a contact list for important business contractors and vendors you plan to use in an emergency. Keep this list with other documents in an easily accessible place, and also at a protected off-site location.
 - List items to buy and store in the event of any emergency situation you name.
 - Create a "Grab Bag" to take when you evacuate with supplies and important items from your organization.
 - [See corresponding worksheets to plan](#)
4. Create a crisis communications plan. Try to make sure your staff, customers, vendors, contractors—everyone you do business with—know what's going on in the aftermath of a disaster.
 - Establish an email alert system keeping primary and secondary email addresses for your employees, vendors and customers.
 - Provide real-time updates to your customers/clients and the community so they know you're still in business and in the process of rebuilding after the disaster.
 - Don't forget to test your plan beforehand.
 - [See corresponding worksheets to plan](#)
5. Determine who will run your business after a disaster strikes.
 - Let your employees know the emergency chain of command.
 - Maintain a clear leave and sick day policy during disasters.
 - Have a backup payroll service should your office be destroyed.
6. Create and implement a Business Continuity Plan. This plan will help keep your business operating as it responds and recovers from a disaster or emergency situation. This plan should:
 - Indicate when the plan will be activated.
 - Identify essential business functions and staff to carry out these functions. Determine which employees will be considered non-essential vs. essential.
 - Identify records and documents that must be safe and readily accessible to perform key functions.
 - [See corresponding worksheets to plan](#)