

A Business Continuity Plan Can Help You Keep Some Control in the Wake of a Natural Disaster



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Gene Marks:

Hey, everybody, it's Gene Marks. Thanks so much for joining me on this episode of "On the Mark". You know, in the wake of the disaster from the hurricane that happened in Florida, I got to thinking about all of us business owners all around the country that are subject to natural disasters. In Florida, alone, three and a half million homes and businesses were left without power. That is a huge interruption.

Now, this podcast is sponsored by Paychex. Paychex itself provides business continuity services for businesses in Florida, as well as the rest around the country, as well. Those businesses themselves can take advantage of Paychex, many remote offices and representatives around the country to help them make sure that they're getting their payroll out the door – a critical and key part of keeping your business in operation.

And, so, as I thought about it a little bit more about all the businesses, the small businesses in Florida and what they went through, I started thinking more about business continuity. Listen, no matter where you run your business, you are subject to some kind of natural disaster, whether it's floods in Texas, wildfires in California, hurricanes and flooding here in Pennsylvania, where I'm talking to you from, but also even in the Midwest, tornadoes as well. Every part of the country is subject to some type of natural disaster, and it is absolutely critical, even beyond continuing with your payroll, the kinds of services that Paychex provides to be thinking of other things that will keep your business going. Having a good business continuity plan is one of them.

So, let me share with you some thoughts about this. First of all is insurance. Not enough of my clients are reviewing their insurance frequently enough. I think it should be done on an annual basis. I think if you are running a small business, you need to be revisiting your insurance policy with your insurance agent at least on an annual basis.

You do not want any surprises if, God forbid, a natural disaster affects your business. Confirm with your insurance agent what your coverages are, what types of events would be covered, and what types of events wouldn't be covered. Bump up whatever your property insurance is or even your liability insurance. It's relatively inexpensive. It's absolutely something that you should be doing.

The other thing that any good insurance agent will tell you when it comes to insurance is you need to have a lot of documentation, which means that you should be taking photos of anything of value in your business, whether it's inventory, property, plant, and equipment – anything around your office. And, of course, any valuable documents that you have; contracts and agreements and things like that should all be stored offline. Scan them, get them stored somewhere else, wherever that may be on a cloud-hosting service; Google Drive, Microsoft, OneDrive, Dropbox, you know, all those places. Make sure that all those things are stored offline.

So, again, confirm your insurance coverage with your insurance carrier and your agent. Make sure that important documents are stored offline and take photos, lots of photos around your place of anything of value, because that's what any agent is going to go back to and a claims process to try and determine the value of something if it does get lost in a natural disaster.

The next big thing is having a disaster recovery plan. Again, not enough of my clients do it. I get it because as human beings we tend to think, well, this thing couldn't happen to us. But tell that to, you know, all the businesses in Florida recently who may have thought the exact same thing. You need to have a written plan. You need to have a strategy for what if, God forbid, your business was taken offline for a significant amount of time.

So, that means you need to have a communications plan. That means that if you are down for whatever reason, forever how long, how are you going to be communicating with your employees? Will they have access to e-mail? Do you guys have a workgroup type of communication or chat system set up? Are you using texting or WhatsApp or Facebook Messenger or any other of the types of communications platforms that are out there? You need to make sure everybody is on it and has access to it.

Then you need to have that sort of line of command. So, if something goes down in your business, every good disaster recovery plan I've seen has had responsibilities and roles set out for each of the employees as to what their job is going to be, whether it's something on the physical premise, once you're allowed to get back in, or notifying customers or notifying vendors.

Which brings me to the next thing. We talked about communications with your employees in your group, but you also have to have a communications plan for your customers, as well, and your suppliers and your partners, which means having a good database of all of those.

Do you guys have a customer relationship management database, a CRM system? There are plenty of good, inexpensive ones that are out there. You should have that with all of your customers, everybody that touches your business; prospects, suppliers, vendors, partners, and they should be segmenting in such a way that if you are taking offline and you are down, you have the ability to communicate with them on an ongoing basis to give them updates and let them know what is going on. Make sure that that is in place.

Okay. So, communication is key in a disaster recovery plan. Roles and responsibilities – key in a disaster recovery plan. Backups are key in a disaster recovery plan. Most of my clients nowadays I've been migrating, going to the cloud, and you need to consider that too. The days of having all of your systems and your data and your applications in the office on a server: I mean, guys, that is like so 1995, you know? I mean, we are in 2022 right now and there are too many good, reputable, credible companies that will host your data, host your applications offline in a secure place so that not only is your data free or hopefully minimized from data breach, but it's backed up all the time, and then your people can access it from wherever they are.

Which brings me to the next point. You want to make sure that your employees have the ability to work from anywhere. So, in a disaster recovery plan, I mean, like I mentioned, three and a half million homes and businesses were without power. But there are certain areas that do have power and there are certain areas that tend to go on to power first. What are those areas around where you live? Do you have a Waffle House nearby because that seems to be the best place to go whenever there's a natural disaster? Or at least a Starbucks or coffee shops or places that are in the public domain that are in areas that – you can check with your insurance providers on this or even with your local utility companies if something does happen – are, you know, one of the first to go up. And is that a place where your employees can go to get their work done and stay in touch?

You know, finally, I mentioned earlier about storing your backup documentation, but it's critical for you to go paperless in your business. If you're still issuing like regular payroll checks and signing them or you're issuing regular checks to your vendors or suppliers, I mean, again, that's very 1995 guys.

I mean, most of my clients now have been migrating to everything online. They are paying their employees electronically and remotely. They are paying their suppliers and their vendors using, you know, bank electronic payments, as well. So, even if you are down for the count for a while, you at least have the ability to continue on with those payments seamlessly, so your people are getting paid, your suppliers are getting paid, and you're able to receive payments as well electronically into your system. So, you have to think about that ahead, as well.

Finally, if you have, you know, this situation for any of you guys that are, you know, that have been through this recently, particularly businesses in Florida, the place to go for relief is the Small Business Administration.

Most of us are familiar with the SBA, with the economic injury disaster loan programs during COVID. Well, a little known fact is that that program has been in existence for a decade. It's really designed to get businesses that are in disaster areas support and help. SBA.gov is where you go and I guarantee it, guarantee you, that the minute that your area is declared a federal disaster area, regardless of what that disaster is, the SBA jumps into action. If you go to sba.gov, there will most likely be an update right on their home page telling you where you can go for relief.

Now, usually the forms of relief are debt, government-backed debt. The debt itself is usually at or below market rates, very quickly approved as well as, so you can get back on your feet, you can even prepay or pay back those loans early, as well. It's unusual because usually the SBA loans go out through banks, but for disaster relief, the SBA has always been authorized to give loans out directly to small business owners. Go to sba.gov to get just some interim financing so you can get yourself back together again.

Okay, so let's recap. Revisit your insurance now. Right? Confirm all your coverages with your insurance agents. Take inventory of your property, plant, and equipment. Make sure that you know what the procedure is if there is a disaster that occurs. And, by the way, I didn't mention this earlier: Ask them about business interruption insurance, as well. It's not just being compensated for any property that you lost, but also making sure that you're getting compensated for the time that you are down. That's called business interruption insurance. Talk to your insurance agents. That's number one.

Number two, have a disaster recovery plan. Okay. Make sure in this plan you've got a communications plan both for your employees and your community, your customers, your vendors, your suppliers, your partners. Make sure that you're hosting your data offline. Make sure that it is being backed up.

Make sure that your employees can access this data from wherever they're accessing it and make sure that you understand what areas locally tend to go back online sooner than others, so you can direct your employees that way in that plan and make sure in that plan, as well, that people have directions or responsible for certain things that has to happen once a disaster occurs. Assign those roles.

And for goodness sake, make sure your paperless; payroll checks, regular vendor checks that should all be issued online. The same thing with cash receipts. Make sure that you're paperless. You can keep in business.

Finally, if you are looking for relief, you need money to get back on your feet, the place to go is the Small Business Administration. The SBA at [sba.gov](https://www.sba.gov). Once you were declared a federal disaster area, you're then allowed to get loans directly to you at or below market rates – very quick approvals – that will help you get back on your feet.

All right, guys, those are my thoughts. My name is Gene Marks. This is, again, in the wake of what happened in Florida, the hurricane there. We're not done with natural disasters, and I don't care where you're located, we're all at risk of them. We need to be thinking about those kinds of things in advance so we can keep our businesses going.

We have too many people, our employees, our customers, our partners that are relying on us and their families for their livelihoods. We have to be thinking about these things in advance if we want to make sure that we stay in business and can help the people that do rely on us.

You've been listening to "On the Mark". If you have any topics or suggestions or guests that you would like to suggest to us, please visit us at payx.me/thrivetopics. That's P-A-Y-X dot M-E/thrivetopics.

Thanks so much for listening. I'll be back next week with another episode of "On the Mark". Talk to you then.

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