

*Planning for Disaster:  
Making Sure Your  
Business is Ready/  
Plan to Stay in Business*

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# *Agenda*

- Steps in continuity planning for your business
- Reconstructing business records
- Resources to help you plan

# *Why Have a Plan?*

- Helps you stay competitive
- 35-40% of businesses disrupted by disaster NEVER reopen
- Every dollar spent on preparedness saves \$7 in recovering disaster-related economic losses
- Natural disaster rate has increased 40% over the last 15 years

# *Plan to Stay in Business*

- Be informed – what emergencies might affect your company?
- Continuity planning (our main topic today)
- Emergency planning for your employees
- Other emergency planning: supplies, shelter-in-place, medical issues

# *Continuity Planning*

- Determine staff, materials, procedures & equipment needed to keep operating
- Business process flow chart
- Operations critical to survival
- Emergency payroll & accounting systems
- Succession management

# *Supply Chain Protection*

- Identify suppliers, shippers, etc.
- Develop relationships with more than one supplier/service provider
- MOUs to receive priority w/ suppliers
- Limited stockpiling
- Resource pooling
- Create a contact list of critical suppliers, contractors, etc.

# *Alternative Location*

- How will you run your business if your building/store/plant is not accessible?
  - Can you run it from home or other location?
  - Develop relationships with other companies to use their facilities
- Identify essential equipment
  - Plan how to replace or repair it

# *More to Consider*

- Review insurance coverage
- Plan for utility disruption
- Communication plan

# *Create an Emergency Plan*

- Include workers from all levels and functions on your team
- Define crisis management procedures and individual responsibilities
- Coordinate with others
  - Businesses in your building
  - First responders, emergency managers
  - Suppliers, shippers
- Keep your plan up-to-date!

# *Payroll*

- Plan for payroll continuity
  - Ability to pay employees for 2 weeks without money coming in
  - Back-up system for financial data – test it!
  - Talk to your financial institution – what can they do in event of disaster?
- Providers should have fiduciary bonds

# *Employee Preparedness*

- Employees are your most important asset!
- Help your employees be prepared at work and at home
- Alternative staffing plans
- Benefits continuance
- Emergency training/drills
- Post disaster communication
- Plan for special needs employees

# *Paperless Recordkeeping*

- Get financial records in electronic format
- Bank statements and documents by e-mail
- Scan items that are paper only
- Copy records onto a CD, DVD, 'key' or 'jump drive' periodically
- Send CD/DVD/key/jump drive to a business contact or relative in another city for safe-keeping

# *Data & Records Protection*

- Store copies off site – at least 50 miles from your main business
- Vital records include:
  - Business license
  - Contracts/agreements to prove ownership
  - Operational records
  - Client files
  - Current SOPs
  - Produced reports and summaries
  - Software source codes

# *Data & Records Protection*

- Keep photocopies of some records at home
  - Personal financial statements
  - Current profit and loss statement
  - Balance sheet
  - List of debts

# *Documentation of Assets*

- Photos, video of assets, contents of business, office
- Store copies of these records in another city

# *Reconstructing Business Records*

- Inventories
- Income
- Furniture & fixtures
  - Buildings

# *Reconstructing Business Records*

- IRS assistance is available for some records
  - Copies of tax returns – Form 4506
  - Transcript of return – Form 4506-T

# *IRS Disaster Relief*

- Presidential declaration
- Casualty loss deduction
- Net Operating Loss (NOL)
- Extended filing and payment deadlines

# *Disaster Area Relief Options*

- Filing extensions
- Payment extensions
- Time sensitive act extensions
- Penalty abatements
- Waiver of photocopying fees
- Expediting of photocopy requests
- Suspension of compliance activities

# *IRS Resources*

- IRS suggestions for disaster preparedness:

<http://www.irs.gov/newsroom/article/0,,id=157643,00.html>

- Pub 584B – Business Casualty, Disaster and Theft Loss Workbook

<http://www.irs.gov/pub/irs-pdf/p584b.pdf>

- IRS article – Reconstructing Your Records

<http://www.irs.gov/newsroom/article/0,,id=152317,00.html>



## *More Resources*

- Ready.gov (Dept. of Homeland Security) – [www.ready.gov/business](http://www.ready.gov/business)
- US Small Business Administration – [www.sba.gov](http://www.sba.gov)
- FEMA – [www.fema.gov](http://www.fema.gov)

***Questions?***

***Thank you!***