

## Five Disaster Planning Steps for Small Businesses

Could your business bounce back if a disaster occurred? A minimum of 25% of small to midsize businesses that close temporarily due to a natural or other disaster ultimately never open their doors again, according to the Institute for Business and Home Safety. It is possible to weather any type of business interruption, however, if you're properly prepared. The Massachusetts Society of CPAs offers these tips to ensure you're ready for anything.

### 1. Consider the Risks

Is your business more likely to be affected by severe winter weather or wildfires? By late summer hurricanes or spring tornadoes? Some disasters, such as fires or a burst water pipe, can hit any business, but others are more likely based on your location. As part of your initial planning, brainstorm all of the potential disasters that might reasonably affect your business to help begin to determine the best possible responses.

### 2. Identify What's Important

When the National Federation of Independent Businesses surveyed small and medium-sized businesses, 62% said that losing profits and clients was the biggest challenge after a disaster. In your own planning, consider all the threats that could hinder your recovery. For a service company, the inability to communicate with clients or with fellow employees could be a serious problem, while manufacturers and retailers may face a significant hardship if there are disruptions to vital deliveries of new supplies or merchandise. Once you decide what kinds of damage or losses could bring your business to a halt, you'll be in a better position to prepare for them.

### 3. Survey Your Systems

Review your business systems to determine your options if one or more were affected by a disaster. For example, would employees still be able to do their jobs if they were unable to get into your office, store or plant? Could they keep the business going at least temporarily using home office equipment such as mobile phones and laptops? What separate location can you use to keep copies of vital company records and customer information and details on passwords and other access codes? If your business is a manufacturing company, do you have access to another facility you can use until the crisis is over? If you are a retailer, where can you turn to find a short-term location, if necessary? Begin to consider these questions, and possible answers, before an emergency occurs.

### 4. Take Your First Steps Now

Even a short business interruption can cause problems for companies. Power outages, for example, can occur at any time, even without a significant disaster. With that in mind, consider acquiring generators to keep your operation running. Use surge protectors to protect your computer equipment. Keep a fire extinguisher on hand and make sure that employees know how to use it and how to evacuate in case of a fire or other emergency. Be sure that company leaders and vital support staff have contact information for all employees.

### 5. Create a Business Continuity Plan

At the end of your planning, you want to be able to answer one key question: What will it take to get the business up and running in case of a disaster? The answer will vary for every company, which is why it's

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so important to create a business continuity plan customized to your unique needs. These step-by-step plans detail what's necessary to return to normal operations—or at least enable you to weather the storm.

### **Consult Your Local CPA**

Your CPA can offer advice on addressing disaster preparedness concerns and creating a business continuity plan. Turn to him or her for all the information you need to make critical decisions that will enhance your small business success. To find a CPA in your area, visit [mscpaonline.org/findcpa](https://mscpaonline.org/findcpa).

### **About the Massachusetts Society of CPAs**

The Massachusetts Society of Certified Public Accountants, Inc. is the state professional association of certified public accountants, representing over 11,000 members in public accounting practice, industry and business, government and education. The Society works to develop and maintain high professional standards and offers a wide array of legislative, technical and referral services to its members.