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Disaster Plans Essential for Small Businesses

By John Woosley, District Director, U.S. Small Business Administration's New Mexico District Office

Summer is prime disaster season in New Mexico, whether the disaster is a wildfire, flood or tornado. Two years ago saw the Manzano Fire in Estancia, tornadoes in Clovis and flooding in Ruidoso. Three years ago, floods hit Doña Ana County.

For a small business, closing for just one day due to an unforeseen disaster can often mean huge financial losses — especially at a time when small businesses are investing time and money into creating jobs to lead America's economic recovery.

That's where the U.S. Small Business Administration can help. In addition to its mission of creating wealth and jobs by promoting the success of small business, the SBA does all the disaster lending that happens in the United States in the wake of declared disasters, and it recently teamed up with Agility Recovery Solutions to create an online continuity planning workshop called "Prepare My Business" (www.preparemybusiness.org).

Last year alone, the SBA approved more than 3,300 business disaster loans totaling \$372 million. Many of these businesses had disaster-preparedness plans in place that allowed them to rebound, rebuild and start contributing to their local economies once again.

A recent survey by Agility Recovery Solutions shows that about 75 percent of small-business owners have a plan to get employees back to work in the days after a business interruption and 28 percent have arranged access to alternative office space. America's small-business community needs to build on those numbers and find new ways to prepare for whatever might come our way.

The SBA recommends several simple, low-cost steps that small business owners should take to protect owners and employees while ensuring that business can resume as quickly as possible after a disaster:

- Calculate how much money the business needs to have in reserve in case it has to shut down for a day, a week, a month, or longer.
- Develop, distribute, and maintain an emergency contact list that includes all employees as well as local emergency responders and utility companies

- Create a disaster communications plan with a designated spokesperson who can keep customers informed about the status of business operations and plans for reopening.
- Contact the business's insurance company to see if the business is covered for various kinds of disasters. Many small businesses buy business interruption insurance, which covers operating expenses like payroll and utility bills in the event of an unexpected shutdown.
- Try to anticipate the biggest disaster risk in the business's neighborhood and brainstorm solutions to typical challenges that could result. For example, managers should know how to contact employees if wireless service is lost.

Besides the Prepare My Business website, small businesses can find other disaster preparedness resources at www.sba.gov/disasterassistance or www.ready.gov. They can also contact the SBA New Mexico District Office at (505) 248-8225 for additional information.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its partners to assist individuals and businesses in obtaining skills and funding-resources for their business or idea. To learn more, go to www.FinanceNewMexico.org.

