CPA

Practice **Advisor**

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- "Fires Burning Thousands of Acres in the West, South and East!"
- "Tornadoes Destroying Homes and Stores in the Midwest!"
- "Floods in the East!"
- "Hurricanes in the South!"

With these types of headlines filling our newspapers this year and in years past, you would think the entire country should be named a national disaster area. Some of this is just plain hoopla and ballyhoo by the national and local news media trying to boost their ratings. But generally, June through November is the peak time for natural and (in some cases) man-made disasters. Contrary to what the media tells us about the disasters happening all around us, most of the 300 million people in the United States are unaffected by these events. But that is no reason to not prepare!

It is important to recognize that the failures of the unprepared to be prepared are lessons and sometimes a wakeup call for the rest of us. The times when misfortune

affect certain areas and other parts of the country are times when the rest of us need to reflect on what our business would do if we suffered some type of disaster, whether it be a fire, tornado, hurricane, or perhaps one of many possible man-made (intentional or unintentional) disasters. While you may not be experiencing a disaster today, neither were the people who were struck by a disaster today facing one the day before. Even if there is no disaster happening in your part of the country, you need to be learning from the experiences of others who were unprepared and failed to maintain proper disaster recovery and business continuity plans.

Reading Recommendations

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Recovery issues (www.drj.com)

• The Conference on Emergency Response Planning for Your Business by SkillPath Seminars

The effect of 9/11

My father is a retired safety, fire protection and security engineer. He worked in the auto industry making sure that the production facilities for one of the big three met the appropriate company and governmental standards. Some of his friends in the insurance and fire protection industry obtained some amazing pictures of 9/11, which, while publicly available, were not widely distributed outside the safety, fire protection and security industry. As I was helping my father organize some pictures on his computer the other day, we came across these pictures. Every time I see these pictures, I am in awe of the magnitude of the destruction to not only the twin towers but also many of the surrounding buildings. Many of the businesses in the twin towers never recovered from the disaster that day and simply vanished, taking with them all the jobs, hopes, dreams, information, data and livelihoods of those both living and now deceased.

Right after 9/11, many business leaders in and around New York got religion. There was a flurry of activity figuring out what to do in case of a disaster. Training classes were taken. Business continuity plans were developed. Business disaster plans were put in place. They were all dutifully copied, bound and distributed to all employees who promptly put them on the bookshelf behind their desks and quickly forgot about the plans.

Then Came Katrina, Rita & Wilma

We quickly discovered, just four years later when these storms hit Texas, Louisiana, Mississippi, Alabama and Florida, that businesses had not really learned anything from 9/11. These storms drastically affected businesses in these states. Many

small businesses have yet to recover, and many never will. Even well established

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plan based on circumstances.

What is the Effect of a Disaster on a Business?

Here are the top four reasons a business fails after a major disaster:

- 1. Customers are impacted by the event. You may have customers displaced by the event who cannot or will not return to the area, which results in uncollected revenue or a lost customer.
- 2. Your product or service may not be one that people need either when dealing with the disaster or after the disaster is cleaned up and things get back to some normalcy.
- 3. The business' inability or unwillingness to respond to the changed environment after the disaster. This includes the assumption that business as it was before the disaster will miraculously return to the same level after the disaster.
- 4. The level of financial strength of the business prior to the disaster, which may not be able to help carry it through the post disaster event.

? What Makes a Good Plan?

A good plan is one that contains general outlines of the things people are to do as well as who is responsible. The plan should not be a step-by-step guide for how to deal with particular types of disasters. Instead, the plan should focus on who is responsible for particular parts of the business recovery process, who is the backup person if the primary person is not available, and guidelines for what needs to be done for recovery. Again, it should not be a list of steps, but simply guidelines. The reason for this is because with guidelines and responsibility,

the people responsible are able to make decisions about unexpected conditions, which may not be delineated in a step-by-step plan. Because they have guidelines

versus step-by-step instructions, they have to utilize their best judgments

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- Use a hosted IP phone solution (VoIP) so your phones will be answered (even if it is only by an automated attendant) in the event your building is inaccessible.
- Make sure you have reliable backup. External USB 2.0 hard drives make great backup to disk drives. Tape still works well, too. Having two options is better than one, so each of these in combination is a good idea. Make sure to check your ability to restore files.
- Have a safe deposit box at a bank where you store one copy of your backup media.
- Store a customer list in paper form offsite where it is easily accessible.
 This should not be in the safe deposit box in the event the bank is not accessible (power failure).
- Keep a second set of media offsite but not in a bank safe deposit box so it is accessible if needed.
- Develop a plan and make sure to practice the plan with the employees responsible for each component. Make sure the employees know what they are responsible for under the plan.
- Keep your plan current and up to date.
- Utilize community resources to develop and test your plans. Police and fire departments love to practice preparing for disasters, and they do it all the time. Have some fun by taking half a day or a full day to work with first responders practicing mock disasters at your facilities. This will help prepare your employees and also give them a change of pace and something a little different and somewhat exciting to do every now and then.

Conclusion

It is important to follow the Boy Scout motto when thinking about what could happen. "Be Prepared!" is a rally cry for Scouts and should also be for owners of businesses. It will not happen without ownership involvement in the development of a contingency plan for your business. Take the first step

today by making a list of the business-critical data you need to get backed

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