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Disaster Planning section from the November 2006 issue.]

Expect

the unexpected. That's the lesson businesses and insurers alike should take away from the devastation wrought by Katrina and Rita, which disrupted 125,000 small and midsize businesses, according to the U.S. Chamber of Commerce.

That's also the lesson many small businesses should take away, too. According to the Red Cross, 40 percent of small businesses are shuttered due to floods, tornadoes and earthquakes. Indeed, disaster can strike anyone, anytime, anywhere. And all too often, that's when a failure to plan becomes painfully evident: Businesses find they have no access to computers, crucial data and contact information, furniture, inventories, or even bank accounts.

Unfortunately, this scenario plays out day and again, costing companies and insurers millions annually in lost time, data, sales and property. That's the bad news. The good news is that the lack of business continuity planning is now an easy problem to solve.

Just as it has made shopping, research, and social networking infinitely easier, the Internet is now a resource for businesses to centrally locate everything needed in the event of a disaster. And it allows this information to be easily accessed, updated, and (most important) recovered, using any computer with an Internet connection. This means businesses can quickly move from "bad news" to "business as usual" should disaster strike.

While planning — even on the Internet — strikes many as a headache-inducing chore, the cold truth is that without advance planning, recovery becomes a far more costly effort. Indeed, in many cases, it becomes too costly, bankrupting

the afflicted business. Accounting professionals can get a jump-start on their

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crucial process, such as how new clients are entered into a system, how people are greeted in a waiting room, how voicemail works, how the company manages invoices and payroll, and so on. After these processes are documented as a text, audio or video file, they should be stored in an offsite, secure location where they can be accessed quickly and easily in the event of trouble. Obviously, this speeds a company's ability to quickly resurrect business processes, even with new employees, after disaster hits.

Keep Cash Flowing

It can require days, weeks, months or even years (consider Katrina) before business offices in an affected area become accessible again. But what about employees and vendors who need to be paid in the interim? It's crucial to have an expense plan in place so that deposits can be made, checks cut or payments stopped, just as if it were business as usual. Companies need ready access to bank account numbers, direct deposit information and contacts. They also need access to records such as employee Social Security numbers and payroll data, vendor invoices, and so on.

As with core process documentation, all of this should be stored securely off-site, and, ideally, available online. It's also important to establish a rapport with bank officials and become a "priority customer."

That way, when the business contacts the bank, there's an established relationship to assist with extraordinary requests (such as cutting the same checks as the prior month, or canceling entire ranges of check numbers).

Keep Phones Ringing

The ability to transfer a non-working phone line to another number is essential. Otherwise, callers will be greeted with nothing more than dead air, and they may assume that the business went under or perceive that customer service is

unreliable. Most telephone service plans include a call-forwarding feature that

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inventory to speed claim processing. That's because photos and videos make it easy to provide claims adjusters with hard evidence of anything damaged or otherwise lost. (Many digital cameras can even capture crystal-clear copies of receipts and other paperwork, as well.) Shoot photos of the building exterior and interior, all offices and facilities, furnishings, artwork, books and manuals, storage closets, file cabinets, vehicles, and equipment.

Make certain to take photos of any model and serial numbers from your equipment, as well. Don't do it just once. Do it regularly, to keep the image database current. With each update, move the photos or videos to a secure, off-site location. Digital imaging is best because thousands of photos or hours of video can fit on a single DVD or CD, or as digital files in an online folder. For those who prefer film, the prints can be stored in a box off-site, or scanned and uploaded. Finally, a word of caution: Avoid uploading proprietary or confidential photos onto free online storage or photo services. These services are not secure, even if they offer password protection. Use a service that's specifically designed to securely house sensitive data.

Backup to Move Forward

Today, nearly all of a company's operational information is tied to computers. It's often said that the computer is the business. So backup every computer — all of them, every day, week and month. This includes servers, desktops, laptops, and even PDAs. It's a blatantly obvious step that, unfortunately, most small businesses utterly ignore. Among those organizations that do perform regular backups, many fail to move the backups off-site, so when the computers are lost, so is the backed-up data. Many companies also forget to validate that their backups can be restored. Perform a test restore every month, at least. Further, know and document the type of hardware and software that works with

every backed-up file, and have access to those components in a handy, secure

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