



Tips on Creating a Contingency Plan to Keep Your Company Going in an Emergency

It's the kind of situation that none of us like to think about - a fire damages the office or a flood destroys inventory and closes your street. But it's the kind of situation every small business needs to be prepared for. We only have to watch the evening news to be reminded of the devastating consequences of fires, tornadoes and floods.

The best way to prepare is to create a contingency plan that will keep the business operating, even if only on a reduced basis, until the damage can be repaired or the business otherwise restored. Such a contingency plan does not need to be very complicated or involved. But it should answer certain key questions:

What are the most important elements to keeping this business operating?

Whatever the most important elements are for your business, figure out what you would do if a natural disaster interrupted operations. Can people work from home? Can you temporarily sub-contract? Or rent needed equipment until things are sorted out?

Where would we operate?

If your store or office were damaged, you need another place to set up operations. The important thing here is to consider the options and prioritize them if you have more than one choice.

How would we communicate with each other?

In a flood or tornado, especially, electricity and even telephone communication could be knocked out. Make sure you know everyone's home phone number and all employees' current addresses. Involve several people in the company in drawing up the contingency plan so that they are aware of the importance of communicating information about the new location and hours of operation during an emergency.

Do we have backup copies of important records?

In order for the business to be able to carry on in an alternative location, it would need access to its records. Consider what would happen if the records were destroyed or damaged by fire or flood. In today's age of computers, it is reasonably easy to have backup records of customer and supplier lists, provided someone is charged with regularly updating files. Old paper records should be regularly moved to an offsite location; this increases the odds they will be available in an emergency.

Do we have all the insurance we require?

As just one example, you may want to check to see if you can find insurance that covers you for loss of business time. This could provide critical cash to enable you to re-start operations.

The key issue in putting together such a strategic plan is anticipation. And it's easier to plan in a "normal" time than in a state of emergency. The key questions raised boil down to this: What do you need to continue operations and how would you ensure that what you need is readily available?

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