



EDITORS' NOTE *Paul Goodman, MBA, CPA, PFCI, and Derrick Myers, CPA, CFP, PFCI, love a good financial management challenge, however big or small. Send your questions to [fmeditor@safnow.org](mailto:fmeditor@safnow.org), and we'll challenge the experts to tackle them in an upcoming article.*

EVACUATION PLAN

# BE PREPARED

**ARE YOU READY IF  
DISASTER STRIKES?**

**ONE OF OUR RESIDENT  
ACCOUNTANTS OFFERS HIS  
TIPS ON BEST PRACTICES.**

BY DERRICK P. MYERS, CPA, CFP, PFCI

In early July, millions of people in Southern California experienced two large earthquakes and 4,000-plus aftershocks. In spring, and into the summer, Midwestern residents and businesses experienced some of the most dramatic and damaging flooding in history. Meanwhile experts are predicting this year's Atlantic hurricane season, which extends from June 1 to Nov. 30, could produce 13 named storms.

I don't know about you, but it seems to me that every day I hear about a business getting hit by a natural disaster. These events are occurring with greater strength and frequency, and no part of the country seems to be immune. So, I ask you, are you prepared if your business is affected?

In the past few years, I have seen several of my clients get hit by disaster, and I've watched them engage in the hard work of rebuilding and recovering. Their experiences underline what the rest of us should be doing to get ready.

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## Have a Plan

In the event of an emergency, taking care of ourselves, our family and staff is priority No. 1.

Make sure that you have an exit plan and a meet up point agreed on ahead of time. Make sure that everyone knows there is a plan and what it is. Have a list of what needs to be done, if there is time to implement, before the devastation arrives.

Hurricanes are a prime example of a pending disaster with some lead time. Use your time wisely by prioritizing tasks such as boarding up windows and sand-bagging doorways. Make sure you have a good supply of water and other necessities on hand, including resources such as a generator. Taking some time to work out the logistics before disaster strikes will make it that much easier to recover afterwards.

Make sure you have working — that means you didn't take out the batteries to stop the beeping — smoke detectors and well-serviced fire extinguishers. If possible, subscribe to an alarm system that monitors for fire, break-ins and even flooding. Keep several flashlights and fresh batteries on hand in the event of blackouts, and a well-stocked first aid kit for medical emergencies. Remember to train staff on where these supplies are located, and when applicable, how to operate them.

## Invest in a Fireproof Safe

A good fireproof safe can keep important documents and other items safe. Here is a short list of what should be in that safe:

- Corporate documents and minutes
- Insurance policies
- Bank account and credit card numbers
- List of important passwords
- Emergency cash fund to cover expenses until the insurance money arrives
- Backups of important data
- Spare vehicle keys

Also, if your area is prone to hurricanes or flooding, consider keeping the safe on the second floor or some other high place.

## Update Your Insurance

Review your insurance policies at least every couple of years to make sure that coverage amounts are still appropriate for your business and structures. Make sure that you are getting replacement cost on your assets. Be careful of terms such as "depreciation" or "adjusted replacement cost," which means your older assets are going to be worth very little.

Take the time to meet with your insurance professional and talk to them about all of the coverages you need, which ones they offer and who could cover any holes in your insurance plan. Riders such as flood insurance, for example, may not be offered by your insurance provider, but you still may need to have it, so seek out a company to cover that shortage in your plan.

Covering tangible assets such as buildings, coolers and equipment, and inventory is pretty straightforward; however, the situation gets much more complicated when insuring for "Loss of Business." This type of insurance helps you take care of your bills, such as mortgages, rent, utilities, paying employees, during the period of time the business is shut down, which depending on the type of disaster could be easily be weeks or even months. The cost may not seem worth it when you are operating under normal circumstances, but it can be a lifesaver in the aftermath of disaster, helping you to rebuild and keep your team.

Even if your insurance is perfect, with all of the necessary coverages, be prepared to fight for every penny you should get, and it's going to be a long process. (My advice: Document everything you can after the disaster, as thoroughly as you can.)

## Back It Up

A disaster of any kind can reinforce how important it is to back up all of your data. The best strategy is to keep multiple backups, and at least one of them needs to be off site, or in the cloud. If you have additional programs such as QuickBooks residing on your POS server, make certain that those programs and data are included in the backup routine. (Frequently, these things are not included, and florists are shocked when they lose all of this data.)



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## Big Picture Effects

Maybe your next disaster won't be thrown at you by Mother Nature. Maybe the chemical plant down the street will have a spill, or maybe a passing train could derail with the crash releasing a poisonous gas. For most of us these are highly unlikely examples, but to some they are a very real possibility. The Federal Emergency Management Agency (FEMA) recommends that where these events might be possible, you should have plenty of plastic and duct tape on hand to seal up windows and doors to ride out the disaster.

Another consideration is your supply chain. What if you aren't hit by the disaster, but your main supplier is and can't provide you with the product you need to run your business? Make sure you have alternative sources lined up and ready to go when you need them. Finally, when creating your disaster preparedness plan, seek out as much information as you can to make sure that you have not missed some vital aspect of your business. FEMA offers lots of ideas and help in this regard. Check out their website, [fema.gov](http://fema.gov).

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