

The Day after Katrina...

By *Robert Andoh*

The catastrophic impact of Hurricane Katrina on the Gulf Coast raises serious questions about the readiness of small business owners in the event of a natural disaster. The biggest challenge that small business owners face in places such as New Orleans is the arduous task of recreating lost records. So how do you minimize the chances of falling into this situation? You do so by developing a catastrophe plan. The following factors should be incorporated into the plan.

The plan should consist of at least three risk levels: low, medium and high. Depending on the severity of the event, each risk level should be activated within a reasonable period of time after warnings are issued by local, state or federal agencies. The plan should also include testing procedures (just as schools and other institutions conduct fire drills).

The development and implementation of the plan should involve all aspects of the business, from functional areas to all levels of management. Pertinent information should be gathered, such as emergency phone numbers, contact persons and a communication tree to ensure that information trickles down to all employees. Basic information, such as bank account and routing numbers, should be obtained from all employees whether or not they receive

direct deposits (so that companies can make direct deposits for evacuated employees). It is also a good idea to maintain a payroll or operating account with a local bank with regional affiliations in order to expedite business transactions outside the disaster area. A company should also have a business web site portal available to employees where important announcements could be posted and could be read by employees that might have evacuated to other areas.

A list of vital business records should be identified in the catastrophe plan. The plan should list and classify operations as either essential or non-essential. Essential functional areas, such as accounting, sales and personnel, should have specific plans in place to “jump start” the business. These plans may also include procedures for follow up on collections for accounts receivable, working out payment plans with vendors, and rehiring displaced workers depending on the length of time the business has been out of operation.

A business needs to maintain copies and backups of vital financial and insurance information. Simple procedures for protecting vital records should include storing tapes in insulated containers, labeling vital records, backing up computer systems, storing data at an off site location and arranging for the evacuation of records to back up facilities.

Depending on the type of accounting system, it may be necessary to keep back up

data files remotely, preferably out of state. You may also want to keep a magnetic copy which should be included in your business evacuation kit. Most small business software applications, such as QuickBooks® and Microsoft® Small Business Accounting, can easily be stored on a CD ROM or Jump Drive. Personnel files, which are required by law to be maintained for a specific period, can be digitalized and stored with a records management service provider. Product formulas and trade secrets must also be accounted for and can be stored in a private vault.



There are several resources that have valuable information regarding records retention and management. Useful sites to check out include www.fema.gov/ areyouready, www.datastoreweb.com and www.lifeorganizers.com. So don't wait till it's too late. You never know when one of these Atlantic roller coasters might drop by.

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