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## Picking up the pieces

### Small businesses face big challenges after a disaster, but help is out there

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Anderson Baker has not been able to reach the office of his New Orleans insurance brokerage since Hurricane Katrina. His 38 employees are scattered far and wide, and some have lost their homes.

But by Sunday, just five days after the levees broke and flooded the city, Baker's small business was up and running in a mobile recovery unit in Baton Rouge, La. The modified trailer is equipped with satellite phone service, computers, fax machines, Internet service and a portable generator, allowing Baker to field calls from clients and help them start dealing with insurance for their losses.

"Without this, we wouldn't be able to communicate with our clients, we wouldn't be able to deliver any services to them," said Baker, whose grandfather started the brokerage, Gillis Ellis & Baker. "This has meant the survival of our business."

Federal experts estimate that 40 percent of small businesses close their doors permanently after a big disaster like Hurricane Katrina. But -- as Baker's story shows -- disaster does not have to mean the end of a small business.

With thoughtful planning, small businesses can survive a disaster like Katrina. In the Bay Area, small businesses should plan for the major earthquake that is likely to hit at some point, and for the less dramatic but more common disasters of fires, power outages or computer crashes.

"You'll never come through a disaster like Katrina unscathed, but there are things that a small business can do to reduce the pain," said Donna Childs, president of a small New York financial firm affected by the attacks on the World Trade Center and co-author of "Contingency Planning and Disaster Recovery: A Small Business Guide."

Disaster planning has traditionally been more common at Fortune 1000 companies than in the small-business world. Big corporations have the money to hire disaster planning consultants and are more likely to own properties that can be used after a disaster.

But there are relatively low-cost steps that even a small company with limited funds can take.

The first step is to take a hard look at your business and its risk: What are the most likely disasters and what are the critical functions that need to continue operating after a disaster?

**You should plan not only for disruption of your business, but also for disruption of your supply chain. What if your regular vendors are suddenly unable to provide the things you need to run your business?**

**The Institute for Business and Home Safety, a nonprofit group supported by the insurance industry, offers a free booklet, "Open for Business" (available online at [www.ibhs.org](http://www.ibhs.org)) that can help small-business owners develop a disaster plan.**

**Diana McClure, the group's assistant vice president for business protection, offers these tips:**

### **Protecting people**

- For earthquake safety, look at the interior of your business and things that could fall on people. Bolt bookcases and heavy equipment to a wall or floor and secure breakable objects like computers to a table.**
- Make a list of employees who know first aid or CPR or who have ham radios.**
- Get 24-hour contact information for all employees. Set up a phone tree or other plan to keep employees informed. Arrange for two-way radios, pagers or text messaging if the phone system goes down.**
- Keep flashlights, first aid materials, an AM/FM radio, extra batteries and nonperishable food on hand. Have at least one gallon of water available per person per day.**

### **Protecting property**

- Back up your computer data in a different location, ideally at least 50 miles away from your business. You can do this in a low-tech way such as mailing your backup disc each week to a friend in another city. Or you can subscribe to a backup service. Some simple backup services like EZBackup.com cost as little as \$10 a month.**
- Keep photocopies or scanned copies of important paper documents like licenses or insurance policies outside the office.**
- Make sure you have adequate insurance coverage. Keep an off-site list and photos of your equipment to help speed insurance claims.**

### **Resuming your business**

- Have alternate vendors from different geographical areas in case your main vendors are out of commission.**

-- Plan for an alternate business site. This could be your home or the home of an out-of-town relative. Or it could be the site of a similar business with whom you develop a mutual aid agreement.

"In one case, there was a fire at a florist in San Francisco, and she went to another florist where she was able to fill all her orders," McClure said.

-- Keep a list of emergency contact names and numbers for key customers and keep them informed of the status of their orders.

Anderson Baker started serious disaster preparation after last year's Hurricane Ivan.

"We looked at our disaster recovery plan and saw it consisted of a phone tree and little more," said Baker, whose firm has more than 3,000 clients, mostly businesses. "We decided we needed to do much more."

Baker found a company called Agility Recovery Solutions that promised to give small businesses access to the same kind of disaster-recovery help that Fortune 1000 firms have had. Agility -- formerly a disaster recovery division of General Electric that was sold three years ago -- has access to 100,000 trailers around the country that can be equipped as temporary offices, as well as 10,000 portable generators and \$35 million worth of computers and other hardware.

Baker pays Agility a fee of \$200 a month. When Katrina hit, he called for help. At the same time, he used text messaging to communicate with employees as they fled the city. He forwarded phone calls to the out-of-town company that backs up his data, so clients could leave messages for him.

By Sunday, Agility had set up a temporary office with 14 phone lines for him in Baton Rouge.

Baker said there was no way he could have arranged all that by himself at the moment of disaster while also trying to deal with his and his staff's personal losses.

"If I'd had to spend all day scratching my head and calling Joe's Generator Co., it wouldn't have gotten us too far," he said.

Agility will bill Baker for the costs of transporting and setting up the mobile office. Baker's insurance policies will probably cover that cost, but even if they don't, he sees it as a worthwhile investment.

In his business as an insurance broker, the period after a disaster is the most important time to be available to clients. Right now, Baker and 10 employees are trying to track down hundreds of clients who have scattered. He urges them to call him at (866) 504-8302 for help with their claims.

"We have to be back in business," Baker said. "After a loss is the only time we have to make good on

our promises to clients. So even if the insurance doesn't pay for us to use Agility, we'd do it. Even if we pay \$20,000 or \$30,000, that's a rounding error compared to the cost of being closed for good."

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## Disaster planning

Here are some information sources to help you develop a disaster plan for your business:

-- "Disaster: Preparing Your Small Business for a Disaster" -- Short, straightforward checklist by San Francisco government. See [www.sfgov.org/site/sbc\\_index.asp](http://www.sfgov.org/site/sbc_index.asp) and click on the red disaster box or call (415) 558-2700.

-- "Open for Business: A Disaster Planning Toolkit for the Small to Mid-Sized Business Owner" -- Thorough guide to developing a disaster plan, including forms you can fill out, by the Institute for Business and Home Safety. See [www.ibhs.org](http://www.ibhs.org) or call (813) 286-3400 .

-- "Preparing Your Business for the Unthinkable" -- Information for employers and employees by the American Red Cross. See [www.redcross.org/services/prepare/0,1082,0\\_64\\_00.html#wha](http://www.redcross.org/services/prepare/0,1082,0_64_00.html#wha) or call (202) 303-4498.

-- "Contingency Planning and Disaster Recovery: A Small Business Guide," by Donna Childs and Stefan Dietrich -- Very detailed book that grew out of Childs' experience piloting a small business through the World Trade Center tragedy.

Source: Chronicle research

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## Is your business prepared?

This checklist can help you assess whether your business is ready for a big disaster like an earthquake or a smaller disaster like a computer crash or a fire.

-- Are you concerned that your normal business operations might be interrupted by a natural or human-caused disaster?

-- Have you determined what parts of your business need to be operational as soon as possible after a disaster, and planned how to resume those operations?

-- Do you and your employees have a disaster response plan to help assure your safety and to take care of yourselves until help can arrive?

-- Could you communicate with your employees if a disaster happened during or after work hours?

-- Can your building withstand the impact of a natural disaster, and are your contents and

inventory sufficiently protected?

- Are your vital records protected from the harm that could be caused by a disaster?
- Are you prepared to stay open for business if your suppliers cannot deliver, your markets are inaccessible, or basic needs (e.g. water, sewer, electricity, transportation) are unavailable?
- Do you have plans to continue to operate even if you cannot stay in or reach your place of business?
- Have you worked with public officials and other businesses in your community to promote disaster preparedness and plan for recovery?
- Have you consulted with an insurance professional to determine whether your coverage is adequate to help you get back in business after a disaster?

## Results

Count your "yes" answers. This will indicated how well prepared you are for the disruption caused by a natural or human-caused disaster.

7-10 - You are well on your way.

4-6 - You have lots of work to do.

1-3 - You should get started immediately.

Reprinted from "Open For Business: A Disaster Planning Toolkit for the Small to Mid-Sized Business Owner." See [www.ibhs.org](http://www.ibhs.org) for more information.

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