Stony Brook University
Small Business Development Center

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Organizing Your Business and Financial Records –
Take Steps to Prepare and Protect Your Business and Financial Records in Case a Disaster Strikes
Disasters Don’t RSVP

- Disasters can strike at any time.
- Disasters can affect your home, your small business, or BOTH!
- Hurricane Sandy was a wake-up call for all Long Island small business owners.
- Were you properly prepared on October 29, 2012?
- Will you be prepared for the next disaster?
What Is a Disaster Recovery Plan — And Why Should I Care?

- The goal of a Recovery Plan is to get your business back up and running.
- Business continuity is disaster recovery.
- Lost revenue is a serious hurdle to business continuity.
- The reason to do a recovery plan is to keep the business going, cash flow coming in and the customers served.
What Do I Need to Think About?

- **Emergency planning** are those procedures and steps done immediately before/after an interruption to business.
- **Disaster recovery** are the steps taken to restore some functions so that some level of services can be offered.
- **Business continuity** is restoration planning, completing the full circle to get your organization back to where it was before an interruption.
According to the Insurance Information Institute, 15% to 40% of businesses typically fail following a natural or manmade disaster.

Small businesses are even more vulnerable.

The New York State Small Business Center estimates 70% of small businesses never fully recover from a disaster.
Disaster Planning – “Getting Ready”

- Business interruption can strike at any time
  - Weather
  - Fire
  - Theft
  - Flooding
  - Health/Death

- Take the appropriate steps before an event occurs
  - Analyze risks
  - Create an action plan
  - Access resources for future liquidity needs
  - Document business assets
  - Safeguard critical business assets and financial records
Risk Assessment

- Identify what kinds of hazards are most likely to affect your business
  - Geographic
  - Health-related
  - Human Error
  - Physical
  - Historical

- Evaluate your preparedness level
  - Insurance Coverage
  - Contingency Planning
  - Financial Liquidity
  - Organize your business and financial records
Is Your Business Covered?

• How much can you afford to lose?
  • Asset Replacement
  • Business Interruption

• Review your insurance coverage with a reputable insurance agent/broker.

• Determine the critical assets that require coverage.

• Make sure exclusions and deductibles will provide adequate reimbursement after disaster events.

• Obtain a line of credit/build up a financial cushion as part of your own self-insurance program.
Recovery Planning

- Customers
- Vendors
- Employees
- Equipment and Systems
- Physical Plant
- Business Information/Document Retention
Start Planning Now

- In creating a disaster plan, don’t become overwhelmed by the tasks ahead.
- Work on it in sections and as time permits.
- Focus on what’s most important
  - Equipment replacement
  - Record recovery
- Make some plans that can be implemented in the event of an interruption.
Recovery Planning: Analyze Your Business

- What are your business functions and services?
- Identify your customers.
- How do you serve them?
- What are your equipment requirements? (cars, computers, etc.)
- Who is critical to your operation?
- Which functions and services are most important to your business?
- What would be the impact on your services to your clients?
- How would a loss of critical personnel impact the business’ functioning? (For example, if your expertise is important to your operations, what will happen if you cannot perform those services?)
Recovery Planning: Business Impact Analysis

- A Business Impact Analysis determines how many days or weeks you can operate without your regular stream of income.

  - How long will it take before the loss of income affects the delivery of your organization’s services?
  - How many payroll periods can you meet with no income?
  - How many vendors will get paid? Which ones?
  - What is your cash reserve?
  - What is your budget for purchasing equipment that would be needed if an event occurs?
  - How long will it take to implement your business continuity plan and get back to normal operations?
After a disaster strikes it’s too late to worry about keeping your business records safe.

The Hartford Small Business Pulse: Storm Sandy research report found only 25% of small businesses had backups of critical programs and data.

Keep physical records (documents and computer data) in a safe location.

Include daily, even hourly backup as part of your business routine.

Online backup can be the safest, as long as you can get back on the Internet quickly.
Keeping Track of Your Assets

- Know what assets your business owns in order to replace them.
- Keep a log of major purchases including receipts, item description, purchase date and purchase amount.
- For older assets, take pictures and log a description of the asset.
Organizing Your Financial Records

- **Keep detailed records** (invoices, receipts, billing statements, check stubs, bank and credit card statements) of monthly sales and business costs.
- **Go paperless!**
  - Maintain your accounts online (safeguard user names and passwords)
  - Invest in a high-quality scanner
  - Request digital copies of tax and payroll records
- **Save critical business records off-line, and off-premises.**
  - Certificate of Incorporation
  - Ownership Agreements
  - Property deeds
- **Utilize available software tools, like Quickbooks and BackBlaze.**
Conclusion

- Analyze Your Disaster Risks
- Start Planning
- Start Saving/Access Lines of Liquidity
- Organize Your Business Records
- Regularly Review/Update Your Plan
- Be Ready to Execute the Plan
Contact Information

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Questions and Answers