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Three Questions for Disaster Preparedness

Thousands of businesses are still trying to come back after Hurricane Sandy ravaged the East Coast last year. How many of these businesses will survive after the disaster? The answer often lies in a failure to understand the true costs of the disaster. Disasters are complex and there are many levels of concern that could affect a business. Today and tomorrow, *Promotional Consultant Today* examines strategies for dealing with the cost of disaster to your business.

In a disaster, the most obvious is the physical damage caused. One would think that this is both easy to identify and quick to resolve. However, many businesses fail because they either did not carry sufficient insurance, or misunderstood the coverage they did have, severely limiting their resources for reconstruction. There is also an assumption that needed resources are available to rebuild. However, damaged infrastructure that affects deliveries and an increased demand for building supplies and contractor services can create delays that prevent timely business resumption.

Businesses also frequently overlook a hidden financial side to disaster losses. Some of these are obvious, such as the need to pay overtime for additional work by employees to restore facilities, or reduce work backlog. Others are more subtle. For example, failure to pay a supplier's bill on time can result in a service charge. Failure to meet the terms of a client contract might result in penalties.

The single biggest mistake, however, is not being aware of what is happening in the larger community, including:

1. What's happened to the community infrastructure? How bad is the damage? Are transportation corridors closed, or damaged? If so, for how long? A business may survive, but if it depends on the delivery of goods, either from suppliers or to customers, damaged transportation infrastructure will have a direct impact on the company's recovery.

2. What's the impact on your customer base? Is the demand for services likely to increase, decrease, or stay the same? Failure to adapt to these changing demands might result in a competitor taking over the client and experience suggests that once lost, these customers are seldom regained.

3. What's the impact on your labor pool? Are employees likely to remain, or will they move out of the area? Will there be large-scale evacuations as seen in New Orleans after Hurricane Katrina? This resulted in a labor shortage exacerbated by extended unemployment benefits and government assistance.

By paying attention to these costs before disaster strikes, your business will be prepared for the long road to recovery.

Source: *Lucien G. Canton, CEM, is a consultant specializing in preparing managers to lead better in crisis by understanding the human factors often overlooked in crisis planning. A popular speaker and lecturer, he is the author of the best-selling Emergency Management: Concepts and Strategies for Effective Programs.*