



*Lessons learnt from working with disaster impacted businesses*

# **ARE U READY?**

surviving small business disaster

**Anthony Turner & Sandra Slatter**

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Turner and Sandra D Slatter

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# Foreword

## Rob Gordon

Small businesses are the backbone of communities and a source of employment and prosperity for many people. Yet small businesses often find it difficult and time-consuming to access the many forms of assistance offered by government or charitable and other agencies after disasters. Proprietors are often community leaders, involved in many other activities, and they contribute much to the social capital of their region. They have many demands on their time and often are looked to for support in times of disaster when they also have the task of restarting their businesses and recovering from the losses. Yet within recovery programs, comparatively little attention is given to small-business owners as a group and to the problems of the businesses themselves.

As the authors point out, businesses have often not prepared for disasters as well as they might and they are caught off guard even when the community has

prepared. The loss of small businesses has repercussions throughout the community and recovery can be delayed if they are not able to get going again.

This book is based on the authors' experience of working with more than 1200 businesses affected by the Black Saturday bushfires in 2009 and the Victorian floods in 2011, together with their own experience as small-business proprietors who have faced personal disasters that profoundly affected their enterprises. There could be no better qualifications for alerting others to the need for every business to have a disaster plan and directing attention to the ways in which small-business owners can be adaptive and resilient.

The term 'resilience' originates from the Latin word for reeds, which bend when blown by the wind and return to their original position when the wind stops. Resilience refers to there being aspects of a social system that are

not damaged by disaster and that form the basis for successful recovery. Careful planning is required to work out possible threats and essential features that need to be preserved to enable recovery should those threats become disasters.

Before encountering the reality of a disaster it is hard to envisage what it is like. It is difficult to imagine a firestorm, with its darkness at noon, smoke and confusion, unless you have lived through one; it is incomprehensible that an entire floodplain can become a sea of swirling water within half an hour; it is difficult to imagine a windstorm or severe earthquake destroying whole buildings as can happen in countries around the world. There are also threats from criminal events, transport accidents, utility failures and financial crises. All of these are comparatively rare and unlikely because that is what society makes them, by preparation, planning and prevention. But imagining the unlikely is the basis for successful preparation.

This book will be invaluable for small-business proprietors of all sorts to stop and consider the risks and then begin to plan how to get ready to survive. The book progresses steadily through each stage of the process and prompts readers to think about the possibilities. The best plans are short and simple, rehearsed, and used for small and large disruptions so that they become familiar and a part of routines.

But the technical requirements of preparation are only one aspect. Psychological attitudes are crucial to the process. We are all too ready to think 'it is unlikely', 'it won't happen to me', 'we don't have the time or money to put into planning and preparation for such an unlikely event'. There is even a tendency to make fun of those who do take the problem seriously because they want to spend time and money on things that will not yield any immediate benefit in normal conditions.

Research shows that the tendency towards denial and avoidance of disturbing possibilities is a major problem in preparedness. To get action there must be enough worry to take the problem seriously and do something about it, without that action becoming burdensome so that it seems too hard, and denial kicks in, with comments like 'it won't ever happen' and 'we don't have to think about that'.

The experience of disasters and traumatic emergencies takes a huge toll on people's lives; it exhausts them physically and can change health, family relationships, values, priorities and plans; it changes the goals and sense of purpose for those who go through the horror. Anything that reduces the workload, and preserves some aspects of the life before the disaster, not only helps keep livelihood going, but also helps preserve the connection to the previous life and the sense of who you are. These become important

aspects of resilience, because for many people their small business is more than earning a living. It is a part of their life and sense of self; it is a source of pride and achievement and the creative sign of their worth as a person. It needs to be protected and preserved wherever possible as a major support to mental, physical and social health.

This book will become an invaluable aid to preparing for disaster, and as the authors suggest, it may be unique of its type. The authors have struck a good mix of personal anecdote, research findings and professional observations to make the problems real but not overwhelming. They provide detailed examples to help in working out what needs to be done, explaining what the problems are and how they may be approached.

While the book is certainly a manual to guide planning and preparation, more importantly, it is a wakeup call and a consciousness raising based on the hard work and sometimes painful experience of the authors, who have shared their stories and their learning in a frank and generous way. It was rewarding for me to work with them during the Black Saturday recovery and I believe this to be a unique and valuable contribution to arise out of that painful event. I recommend this book to everyone who runs a small business or any sort of enterprise that is worth protecting from destruction.

**Rob Gordon Ph.D.**  
**Consultant Psychologist in Disaster Recovery**





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**1**



The intellectual and psychological  
impact of disaster

**2**



What constitutes a disaster?



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## The four phases of disaster

- Planning
- Preparation
- Response
- Recovery

A large red number '4' is positioned on the left side of a light gray rectangular background.

## Developing disaster recovery plans

- For natural disasters
- For manmade disasters
- For accident/illness disasters



# Preface

**D**uring the time we have spent working in disaster recovery we have experienced at first hand the powerful, compassionate and dedicated work of several core recovery agencies including Red Cross Emergency Services, the Salvation Army, and Post Trauma Victoria. As a result we have decided to pass on part of any surplus raised through sales of this work to those agencies to assist them to continue to have the financial ability to respond in times of need.

## **Why Red Cross Emergency Services?**

In the immediate aftermath of a disaster you will usually notice that it is workers from Red Cross who are among the first on the scene. Typically their role is to assist with bringing order out of chaos by registering those who are directly affected, by setting up networks through which individuals desperately seeking family members or friends can access information about others in the community and by providing food and shelter as quickly as possible.

Anthony and his partner were and are part of this immediate response effort and have therefore experienced first-hand what a major impact a cup of tea, a sandwich and a reassuring word can have on those suffering from shock, fear and anguish.

## **Why Salvation Army?**

Salvation Army staff members are usually among the first on scene when disaster strikes. In our experience however, it is not so much the first response but the ongoing dedication of Salvation Army volunteers that makes a real difference as a community recovers.

The Salvation Army has a unique ability to provide financial and innovative aid to many parts of the community, including business owners, who often receive limited or no financial support from traditional government and/or community donations. (In some cases government regulations prevent donations being used to support business and/or business owners.)

## Why Post Trauma Victoria?

Post Trauma Victoria (PTV) is Austin Health's specialist trauma-related mental health service for members of the general community. Complemented by the Veterans Psychiatry Unit, which has provided psychiatry and psychology services to present and past Australian military personnel since World War II, PTV has become well recognised as a specialised, multidisciplinary service offering efficient and cost-effective treatment to individuals experiencing mental health conditions that have arisen as a result of, or have been exacerbated by,

the experience of trauma, including emergency services personnel; survivors of traumatic workplace injury; victims of crime (including sexual assault); those affected by emergencies, natural disasters and manmade disasters (including war or acts of terrorism); and survivors of road traffic accidents. PTV has provided support services to many on-the-ground support people with whom Anthony and Sandra have worked and has also provided help for people affected by disaster who required specialist one-on-one counselling.

# Dear reader ...

## Why is this book important?

**N**othing, absolutely nothing, will be more critical to your business continuity and to the reduction of personal stress after disaster than being prepared for the possibility of a disaster.

Over a three-year period of working in disaster recovery we (Anthony and Sandra) engaged with many Victorian communities directly impacted by Black Saturday (7 February 2009), including those around Kinglake and Marysville, and with the communities of Charlton, Rochester and their surrounding areas in the aftermath of the 2011 floods. During that time we had direct involvement with approximately 1200 small-business owners.

The surprising but alarming fact is that neither of us found a single business or business owner that had any form of a comprehensive disaster recovery plan in place prior to disaster occurring .

It is fair to say that some had made attempts to protect their businesses by having computer files backed up at several locations. Sadly, many of those locations

were with staff who lived in the same areas and whose possessions and homes were also destroyed.

Similarly, no one can predict an accident or long-term illness, as Sandra can attest to from her own experience, but people seldom create contingency plans to ensure their businesses can continue should this kind of disaster occur.

A true story from the bushfire areas is about Steve, a business owner, who had four backups of relevant computer information. One was at Steve's home, one was on a separate hard drive at the office and two others were with staff members in the community. All four locations were destroyed and all copies were lost. This business owner was not negligent. Some would say he was unlucky. Seldom do we anticipate a disaster that has the power to devastate a whole community.

## **Why have we written this book and what can this book offer?**

We want to make small-business owners aware that disaster is not always the result of nature. Disaster can be caused by fire, flood or storm damage, but it can also be by some sort of accident, by illness or by the sabotage that can be created by a disgruntled employee.

We have also written this book to fill a gap in the sense that whilst there is much information available, there is little we have found that brings this information together in a user-friendly way for small-business owners like you.

There are many ways that a small-business owner can prepare for a disaster and there are steps that can be taken to allow a small business to recover from particular types of disaster. What we have compiled in this book is a set of generic elements — practical steps and resources to help you prepare for aspects we have found to be common to all types of disasters as well as more specific response and recovery tools pertinent to the various types of disasters (natural, manmade and accident/illness) in the hope that the combination of all these concepts and tools will minimise the effects a potential future disaster may have on your business and your life.

## **Why the title?**

We know from our direct work in disaster recovery, and from the 1200 businesses we have dealt with in that environment, that few (probably only 5 per cent) had any form of limited backup system for their computer data and none had constructed any formalised risk analysis or disaster recovery strategy prior to these major disasters occurring. Equally surprising is that many of those who experienced these disasters are yet to plan for a future event even though they are fully aware of the likelihood of a repeat event at some future time.

We know the people we have worked with in the disaster arena were not ready but we also know the majority of small-business owners in the wider business community are similarly unprepared.

**That is why (through the title of this book) we have posed the question — *Are U Ready?***

## Who is this book for?

Research for this book has shown that the majority of disaster recovery planning tools generally available via the internet or through libraries and/or business associations are either about IT recovery or primarily developed around the needs of and for the use of larger businesses and government bodies. We have found little material to date that is easily accessible in one place and has been specifically written for the benefit of small business. Where such material has been found, it often talks about single aspects of disaster recovery rather than providing a 'how to' guide through the full process.

This book was therefore written for the thousands of small enterprises – whether they are tradespeople, retailers, service providers, health practitioners or whatever; whether they work from home, a factory, a shop or an office; whether they work alone or in groups – to provide a handy, relevant and easily accessible guide to assist them in preventing the often devastating financial and emotional effects of disaster.

## What is the geographic focus?

There is no real geographic focus to this book. Whilst it has been developed primarily to address disaster recovery in Australia much of the information is applicable anywhere in the world, though use of this book outside Australia will require modifications to suit specific local needs and to take account of local government requirements.

## How can you use this book?

- To gain understanding and awareness of the potential impacts of disaster, be they physical or emotional
- To educate yourself and those involved in your business about the potential impacts of disaster and the need to consider the risks and prepare a response to possible disaster
- To take you and staff in your business through the process of identifying risks, managing those risks and planning appropriate responses to minimise the overall impact that a disaster might have.



Sandra Sleeth      Anthony Kane



My will shall shape the future.

Whether I fail or succeed shall be no man's doing but my own.

I am the force. I can clear any obstacle before me or I can be lost in the maze.

My choice, my responsibility.

Win or lose, only I hold the key to my destiny.

*Elaine Maxwell*

# Introduction

Our world is changing, both climatically and environmentally, and disasters (whether natural or manmade, intended or unintended) are now, sadly, quite commonplace.

In January 2011, Munich Re, leading experts on risk solutions worldwide, issued a press release headed *'Overall picture of natural catastrophes in 2010 – very severe earthquakes and many severe weather events'*, which stated:

Altogether, a total of 950 natural catastrophes were recorded last year (2010), nine-tenths of which were weather-related events like storms and floods. This total makes 2010 the year with the second-highest number of natural catastrophes since 1980, markedly exceeding the annual average for the last ten years (785 events per year). The overall losses amounted to around \$US130bn, of which approximately \$US37bn was insured.

Our personal wakeups in relation to the impact of disasters came primarily, for Anthony, as part of the Red Cross Emergency Services assistance with feeding citizens, relief workers and fire-fighters and later as a business adviser with SBMS; and, for Sandra, both from the impact of her life-threatening illness and from her

work as an integral part of the Murrindindi Shire Economic Development Business Recovery Team.

For both of us the realisation of the magnitude of physical and personal impact came from working with business owners, advising and assisting them with how to get their businesses restarted, or how to salvage what they could and exit from their depleted business or how to transform their business into something different.

It is from these direct hands-on experiences and from our first-hand evidence of the many different ways in which a disaster affects people and businesses that we came to realise just how ill-prepared we were in our own businesses and how many other business owners are ill-prepared for any kind of disaster.

When looking into how to prepare our own businesses for the potential impact of future disaster (we too live in bushfire-risk areas) we found lots of words about what we should consider but found very little 'how to' information nor any tools to assist small-business owners in three particular ways:

- To consider the potential impact of a disaster on a small business
- To assist with planning for minimisation of impact and maximisation for recovery in the event of disaster

- To determine what steps to initiate when responding to and/or recovering from a disaster

Obviously fire danger/fire readiness and floods are top of mind, but disaster can impact in many other ways as we have seen around the world in recent times with wild fires, earthquakes, floods, tornadoes and tsunamis devastating large areas of Indonesia, Chile, China, Australia, USA, New Zealand and Japan.

Most of us have a tendency to equate 'disaster' with these natural disasters — floods, mud slides, earthquakes, volcanic eruptions, cyclones and storms — but what about the many other forms of disaster that can befall a business such as sabotage, theft, hold-ups, accident, illness or death of key team members? Many of these disasters can be just as damaging to the ongoing viability of a business yet, sadly, these are seldom considered, let alone planned for.

It is our increased awareness and our direct experience of witnessing/assisting so many people coping with numerous difficulties encountered in dealing with life-threatening illness, life after Black Saturday and the various Victorian flood situations that has prompted the creation of this publication.

## **'Are U Ready? — Surviving small-business disaster**

In preparing this publication we reviewed how we thought about disaster before we were actually involved. Like most people we thought that if disaster befell us we would have all our normal faculties, physical and emotional, to draw upon in a post-disaster environment. This attitude proved to be both incorrect and naïve.

As we quickly found out for ourselves, and from those who had been through these events, there is no way of predicting an individual's physical ability to respond nor can one predict with any certainty the magnitude or range of emotional responses to such intense trauma.

What we failed to see, but are now acutely aware of, are the many unexpected emotional impacts that prevent logical thinking, due both to the initial shock and then having to face and work through the myriad issues and difficulties involved in rebuilding a life, a family, a home and perhaps a business in the aftermath of a disaster, as well as having to both respond to and deal with the emotional effects a disaster has on those around us. All of these factors create a direct impact on one's ability to respond.

Whilst fortunately we suffered no physical loss of property or direct loved ones, we were both living (and continue to live) in high fire-threat areas when the

firestorms of Black Saturday hit. Like many others, we too lived for 5–6 weeks on the edge of raging fires (they came within 5km of Anthony’s home and 15km of Sandra’s — not far when you consider the main fire front was spotting 20km in front of itself at its peak) so we gained some experience of the emotional stresses of living with a sustained physical threat and having to be ready to flee at a moment’s notice.

Our post-fire and post-flood recovery work has created its own emotional impacts — listening to stories of others as they unloaded their horrific tales in an attempt to make sense of what had happened either to them or around them; and sharing in their frustrations as they attempted to get things done when most of the traditionally relied upon infrastructure (such as telephone, internet, and sanitation) had been damaged or destroyed. One can never underestimate the difficulty of attempting to recreate ‘normality’ when all landmarks or reference points for ‘normal’ have vanished. Nor can one foresee the difficulties and frustrations of dealing with people outside the disaster zone who have empathy for, but no understanding of, what has transpired and who cannot understand why affected people are not thinking or responding ‘normally.’

It is important for us to acknowledge both our own strength and the strength of the many assistants and supporters in disaster recovery attempting to deal with

everything physical and emotional for our/their own wellbeing whilst standing strong for those ‘worse off’ when our/their bodies and minds are exhausted. It is from these direct and personal experiences that we confidently state:

***You cannot be sure of HOW you will react and WHAT you will have to deal with until you face ‘IT’.***

The only thing you can do is prepare and plan for the eventuality of disaster so your recovery process and associated stresses can be minimised should you ever have to face disaster in your life or business.

### **Why information may be lacking**

Our experience clearly shows that in the aftermaths of Black Saturday and the Victorian floods those few people who were partially ‘prepared’ suffered less disruption and fewer emotional challenges and recovered more quickly than all the other people (the majority) who relied on our typical Australian planning tools and attitudes of ‘she’ll be right’. Whilst researching the content of this book we naturally conducted many internet searches on this topic, questioned government authorities and commercial organisations and spoke with many ‘survivors’ about their

needs for such information. It soon became evident that concern about providing advice, and the potential legal ramifications of doing so should such advice be followed and found wanting, appeared to be a key reason for a lack of written information.

This is an issue we too have had to consider but we have decided to go to print anyway, with the following disclaimer:

*The information, tools and templates presented within this publication are written for the express purpose of assisting readers with becoming more aware of potential issues relating to disasters and disaster recovery, to offer an introduction to concepts for planning for the possibility of a disaster and to provide some ideas and tools that might assist with minimising the impact of a disaster should one strike.*

*This publication is neither complete nor is it meant to represent a definitive guide or manual for disaster recovery.*

*It is both known and expected that information, technology and concepts will change over time and that whilst this publication is the result of our best efforts to source and provide information that is both appropriate and current at the time of writing, the relevance and currency of this information is changing and will always be changing. It is therefore and will always be the sole responsibility of every reader to accept total and absolute responsibility for how they use any of the ideas and tools presented herein and for maintaining accuracy, relevance and currency of any information offered herein as it may pertain to their own specific and/or individual circumstances.*

*Further and because every disaster (and/or the effects of any particular disaster on any and every individual) is unique, it is accepted by the reader that it is both*

*impossible and impractical for the authors and the publisher to provide and/or for the readers to expect any guarantees or warranties as to the effectiveness or ineffectiveness of any information, tools or templates presented herein. It is for these reasons that all readers must accept and agree to take sole and full responsibility for their own outcomes and that neither the authors nor the publisher can nor will accept any liability whatsoever for omissions, harm or damages whether tangible or intangible that may be caused either directly, indirectly or consequentially to any reader under any circumstances whatsoever as a result of the reader's interpretation or misinterpretation of the information presented, how it may be used and/or misused and/or any reliance a reader places on the information, tools and templates presented and/or offered as part of this publication.*

It is our sincere hope and desire that the information and tools presented within this publication will never have to be used in a disaster situation and that any preparation work you perform is a waste of time and money. However, personal experience clearly shows that preparation, no matter how incomplete, did help reduce the impact the Black Saturday bushfires and the Victorian floods had on those who took time to plan for the possibility of a disaster. It is our strong belief that appropriate preparation can and will do the same for you.

**And yes, we have developed our own recovery plans so we are ready!**





# 1

**The intellectual  
and psychological  
impact of disaster**

After exposure to trauma in an emergency or disaster,  
some people may experience significant psychological distress.

*Dr Tony McHugh*

The purpose of this section of 'Are U Ready?' is to provide you the reader with a clearer understanding of how the impact of being involved in a disaster may affect your life, the lives of people closest to you (including extended family and friends) and the community in which you live. Our intention with this section of the book is to bring home to you the importance of getting ready for when a 'bad thing' happens, so that you have the best chance of intellectual and psychological survival.

The content of this section is not just our (the authors') opinions. While it draws heavily on our own experiences it also relies on the expertise of two clinical psychologists, Dr Rob Gordon and Dr Tony McHugh, who are both considered leading experts in dealing with the psychological needs of people recovering from the trauma caused by disaster.

During the years we worked 'on the ground' assisting with business recovery after disaster we were fortunate to work both directly with and supported by Rob and Tony and we would like to thank them sincerely for the generous contributions they have made to this section. We attended many of Rob's workshops and have seen firsthand how deep the psychological impact of a disaster can be on some people.

### **'It will never happen to me — I am invincible!'**

This is what many of us believe, and so did Sandra before she was confronted with her own disaster, a life-threatening illness. Sandra wishes she had been more prepared for the psychological impact, and believes that if she had been she may still be running her small business today.

We have seen many who were strong fall apart, many who seemed timid or reserved really shine, and everything in between.

To set the scene of what is 'normal' after a disaster, here is a brief summation of the key stages of recovery (based on the presentations and writings of Dr Gordon). The descriptions of the stages are interspersed with our own recollections and insights from working with people attempting to move forward after disaster.

### ***In the first year, there is often raw pain, distress and acute grief.***

Most psychologists will tell you it often takes five years or more to recover from a major trauma.

Sandra can attest to this from the time it took her to recover after the trauma of her own battles with cancer. 'Recovering from the side effects of my chemotherapy treatment, stem-cell transplant and the fatigue caused by my trauma has been a very long drawn-out process and one that continues to impact on my life some eight years later,' Sandra says.

Everyone within and outside a disaster environment needs to understand that recovery is complex and is different for every person. In the case of the Black Saturday bushfires it would be impossible to count the number of times people (particularly those outside of the disaster environment who had no real understanding of the trauma and its impact) were heard to say 'they should get over it'. But how can they 'get over it' when they are still stuck in the middle of it both practically and emotionally? In many cases it can take three to four months for people to slow down and begin to feel what has happened and only then to begin grasping the magnitude of the event they have been through. When the slow-down begins memories of what has been lost and the difficulty of imagining the future takes the place of focusing on immediate survival issues and problems.

**As the first year post-disaster progresses,** time is occupied with coming to terms with the reality of loss and coping with the changes the loss causes. People frequently become very tired and find they are starting to have more access to their feelings, which often show up as frustrations and disappointments, anger and worry, irritability or avoidance of communicating with those closest to them.

Sandra and Anthony both experienced the results of anger and frustration in people they worked with. Sandra recalls one day being bailed up in a supermarket car park by a woman screaming and swearing at her. The woman was angry at 'the authorities' and because she knew Sandra worked for local government Sandra became the target of the woman's anger. In reality the problem was nothing to do with the authorities, but the woman needed to vent her anger somehow, to lay blame for what had happened to her on someone, and Sandra just happened to be there at the time.

In the first year people experience grief when they think of what they have lost. They grieve for family members and friends, for pets, perhaps for the destruction of their business, perhaps for the environment and the lifestyle they loved that has now gone. Some people suffer

long periods of despondency, even wondering what is the point of it all, whilst others suffer from unutterable tiredness, and may isolate themselves from others. The opportunity to at last stop and think a little may not always bring relief.

**As the second year approaches** things often begin to settle. As the extent of loss becomes clear, there is a greater chance of feeling deep sadness and a sense of life being less than it was before. It is often a time when memories and the results of the loss cause people to question the meaning of everything that they believed or thought to be true. Many people wonder 'Who am I now that this has happened? How can I ever find a way back to a fulfilling life?' These questions are lost in the first year in the struggle just to keep daily life going.

**By the time the third year** comes round most people are more settled in their circumstance. They may have rebuilt their homes. It is during this time that many small-business owners make their decision about whether to rebuild their business or to abandon it. The future starts to take shape, but many people still feel uncertain.

For most people, stress reduces, life becomes more stable and routines start to redevelop, but there can be still a long way to go to recover from some of the indirect effects of a disaster. **Dr Gordon says it has been estimated that it can take some businesses up to seven years to recover fully from the financial consequences of a disaster.**

Even when all evidence of the Black Saturday fires was no longer visible, the financial, social and personal consequences were still being worked through. Issues and problems that had been postponed during recovery came to the fore. These included anything put aside while the essential tasks were being dealt with. Issues in relationships, in families and particularly in business became obvious. Financial pressures often emerged, adding more stress and anxiety.

Another important area that is often neglected during recovery but becomes more prominent as things settle down is health. Small health problems, injuries and disorders are ignored; there is a tendency to eat poorly, or neglect the lifestyle activities that maintain health.

Sandra and Anthony found poor eating to be a real problem in some of the areas where they have worked post-disaster. There was a complete lack of 'healthy food' in disaster-affected areas, particularly in the early stages of response and recovery. Murrindindi Shire Council undertook work health checks and the results were astounding. Not only did many of the participants (staff from more than 200 businesses took part) have high sugar levels created by bad eating habits but it was confirmed that many were self-medicating – many had turned to consuming alcohol to help them deal with bad memories, and stress caused by the trauma of the Black Saturday fires.

Other problems that become evident often relate to the formation of habits that do not allow for a healthy lifestyle, such as constant work and narrow interests. Not attending to these problems combined with trying to cope with grief, trauma or other emotions can result in feelings of restlessness and being agitated.

**People expect things should be back to normal by the fourth year.** This may be true for some people, but for others only when the worst is over can recovery from the extended stress begin. When there is time to stop, the tiredness starts, often accompanied by a lack of energy,

enthusiasm, interest or initiative. Some people just want to sleep all the time. They don't want to do anything, to see people or to go out. Everyone has their own timing and no one – especially those from outside a disaster area – can or should judge why recovery takes the time it does.

**For many, financial recovery is still a long way off, particularly for small business.** During this time interests, goals and values can change and it is hard to reconnect to what was important before the disaster – it may seem too hard or not relevant. Many people experience a need for time to themselves to do nothing, to just waste time. This is **essential** to get a perspective on the experience – to find out who they are and how they feel and to determine what is important now.

*This stage is referred to as 'recovery from recovery' and should be taken seriously. Doing it well protects against health problems that have often been found to follow extended periods of stress.*

## Preparing for a disaster

When a disaster hits and you are traumatised, all logical thinking usually goes out the window.

Research has shown that, in the case of natural disasters, the majority of people do little or none of the practical preparation steps they are urged to perform by emergency response organisations, and are therefore more vulnerable to both the physical impact and the psychological aftermath of disasters. Sandra and Anthony and their colleagues have worked with more than 1000 disaster victims and have found that less than 1 per cent of them had a disaster recovery or psychological preparedness plan in place.

Because we have first-hand experience and knowledge of what a disaster can do to our lives **we cannot emphasise enough the importance of being psychologically prepared.**

The Australian Psychological Society (APS) recommends a three-step approach to preparing for disaster, and they call it AIM for short:

- 1. Anticipate** the anxiety and concerns that will arise.
- 2. Identify** uncomfortable or distressing thoughts and feelings that may cause further anxiety.
- 3. Manage** the responses so that the ability to cope remains as effective as possible.

<b>Anticipate</b>	<b>Identify</b>	<b>Manage</b>
Anticipate that you will be feeling worried or anxious and remember that these are normal, although not always helpful, responses to a possibly life-threatening situation.	Identify what the specific physical feelings associated with anxiety and other emotions are and whether you are having any frightening thoughts that are adding to the fear.	Manage your responses using controlled breathing and self-talk so that you stay as calm as possible and can focus on the practical tasks that need attending to.



In the Resources section at the end of the book we have included a link to a very useful fact sheet prepared by the APS called ***Psychological preparation for natural disasters***. We also encourage you to access the APS website ([www.psychology.org.au/](http://www.psychology.org.au/)).

The steps to psychological preparedness (STAIRCASE)

- Response
  - Recovery
    - Psychological support
    - Trauma
      - Conditions caused by trauma
      - Resilience

## **The psychological preparedness staircase**

In an effort to help you be prepared this section includes the steps that should be considered for your psychological preparedness plan, which forms part of your overall business continuity plan.

To assist you to prepare yourself and your business for the possibility of a disaster we describe the nature and prevalence of trauma, the natural human reactions to trauma and how we might prepare ourselves for disasters and emergencies. The section also describes well-known reactions that can arise for some people after exposure to potentially traumatising events, and some conditions that need to be recognised and treated. Finally, we cover

resilience, how some people seem to be less affected psychologically, and some things you can do to increase your own hardiness.

### **Step 1 Our response to disaster**

Although there can be a reluctance to talk about the psychological fallout, disaster typically leaves few people unaffected. In most instances, however, the effect is short-lived and well-managed.

Depending on their nature and dimensions, disasters can profoundly affect people's lives through physical injury and a range of practical negative outcomes, such as loss of loved ones, home(s), belongings, business(es), material wealth and income-generation capacity.

As described earlier the psychological distress and suffering following a disaster can be significant, and such distress is to be expected as a natural response to the trauma of disaster. This distress will continue until it is properly dealt with. Obviously, people react to trauma in different ways depending on the type and severity of the event; the degree, type and mode of exposure to the event; the support the person has before, during and after the event; other non-disaster-related stresses in their lives; and the degree of loss that is experienced.

When you face death as we have done (Sandra from cancer and Anthony from suicidal depression) it's as

though your life program is altered. You can feel strangely disconnected, as though you have let go of having a future. You find yourself asking lots of questions but especially:

- What happened to me?
- What does it mean?
- What effect did it have on me?

The time it takes to work through these questions can vary. Some people will take a long time; others will get back on track more quickly. Often the time taken to regroup will depend on the individual's resilience.

Dr Gordon has found, however, that there is a pattern in people's responses to a disaster. He sees responses occurring in five key areas: physical, emotional, thinking, behaviour and interpersonal.

<b>Physical</b>	<b>Emotional</b>	<b>Thinking</b>	<b>Behaviour</b>	<b>Interpersonal</b>
Changes in diet	Anger	Preoccupation with the event	Withdrawal from usual activities	Misunderstanding and conflict in personal relationships
Disturbed sleep and restlessness	Restlessness	Poor memory and concentration	Substance abuse or gambling	Excessive talk about the event
Somatic disturbances, such as headaches, increases in bodily pain, gastro-intestinal problems	Impatience	Excessive activity to avoid thoughts or feelings about the event	Inability to relax	Inability to feel happy, enjoy things or feel affection
Illnesses, colds and infections	Irritability	Confusion and misunderstanding	Work and/or relationship problems	Feeling that others don't understand or care
	Frustration	Intrusive or distressing memories of the event		Being suspicious Reclusiveness

## Step 2 Recovery

The term 'recovery' is commonly used to describe the process of regaining functioning after trauma. This can imply that the previous way of life of an individual or community will be regained. However, the reality is that, for most people, significant aspects of their previous life have changed forever. To be able to accept this and reshape one's life requires a quality termed resilience to come into play.

Recovering from a disaster is often a long and hard road because every aspect of life is damaged or disrupted. The demand to keep daily life going competes with taking stock and rebuilding, and personal and collective grief undercuts the ability to do either.

Here are a few guiding principles and strategies that will help towards a good recovery:

- Find out about normal reactions and normal timelines for recovery.
- Plan for quality time, rest, recreation and doing enjoyable things — this is how we restore the lost energy.
- Keep an eye on one another — we are all different but we can help people who feel overwhelmed or confused.
- If you or others continue to feel bad — can't move on, feel numb or detached, continue to be anxious, lack motivation — then get more information or talk to recovery workers who can help you understand

where the recovery process is stuck and suggest strategies for moving on.

## Step 3 The importance of psychological support

Dr McHugh explains that 'it is okay to not be okay' for quite some time after trauma; it is not okay to ignore psychological distress and what it is signalling. By analogy, it would be absurd to say to smokers at risk for chronic heart disease that it is okay for them to continue smoking. So too it would be unhelpful to ignore psychological distress and to be afraid of stressing the importance of treatment where it is required.

Whilst working in the Marysville area Sandra quickly identified the need for psychological and physical support for a group of local key business people. She formed a peer support group, headed by Edie Hester, a psychotherapist and counsellor.

Edie's view is that post-traumatic group counselling for business owners is an invaluable service that offers a supportive space in which they can discuss their business and their personal issues. The supported environment encourages people to begin the healing process whilst maintaining their everyday business operations

One of the participants, Gary King from Woodland Rainforest Retreat, shared with us the following: *From a tentative start back then, with business people being rather reserved about their responses to the disaster of February 2009, the group developed into one of mutually supportive motivated friends. The experiences that we have shared include some quite dark moments and some joyous ones. But above all, we are now a group of friends that know we are there for one another and will always provide support or help if needed – even at very short notice.*

#### **Step 4 Trauma – what is it and how does it impact on us?**

Dr Gordon describes trauma as involving some sort of intense immediate threat to self or others. To respond to this threat we go into high arousal but if the arousal is too intense, we do not come out of it properly. In other words, people go through a disturbing, frightening experience and the memories of it just don't fade. The experience can impair higher level thinking skills such as planning, prioritising and organising.

Many traumatised people develop mental fatigue and often experience difficulty even when filling out simple forms. Others have told us (Sandra and Anthony) that they couldn't spell a simple everyday word like 'Wednesday' and some explained that when they tried to complete the forms required to apply for clean-up and restoration grants they couldn't read them – everything was a blur. One person said, 'It was as though hundreds of ants were running across the page, all the letters were running into each other.' Sandra can recall that, when she was going through her cancer trauma, she could be writing a report and would forget the name of a thing she was trying to describe. It could be as simple as 'door' – she could describe it as an entrance, something you walk through, but could not recall what it was called.

**Trauma overloads the mind and emotions and may cause immediate or delayed reactions.** It also damages the ability to process information. It is an experience that doesn't fade in the normal way. People can't do what they did before the disaster. Before the disaster they would keep working until they felt that they needed to stop. Following a disaster often they won't get the signals to stop, because their adrenaline is switched on. People use their 'reserve

tanks' to keep going. But people don't know how much 'fuel' they have. When the reserves dry up the capacity to recover is damaged. A weekend won't do it. It takes a long time to recover one's reserves following a disaster

**Symptoms of trauma can include:**

- emotional and physical reactivity to reminders of the trauma
- avoidance of reminders
- survivor guilt
- anger
- inability to feel a range of emotions
- disruption to work and relationships
- hyper arousal and difficulty in sleeping

Although these reactions are not uncommon, it is generally expected that most people will eventually recover without any professional help. However, there is a small minority who will need to seek psychological treatment. Our experience shows that those who undertake counselling recover more quickly.

Dr McHugh explains that traumatic experiences are events that may cause overpowering feelings of fear and helplessness. Unfortunately, people may be exposed to single or multiple traumatic experiences during their lifetimes.

A variety of psychological reactions can occur after a traumatic experience. For example, the use of alcohol or drugs may be adopted, or may increase, as a mistaken form of coping. Sandra and Anthony witnessed this on many occasions and as a result Sandra initiated and facilitated seminars on health and wellbeing in an effort to help communities and individuals to understand their reactions to trauma.

**Vicarious trauma**

Vicarious trauma is the cumulative effect of continually witnessing or hearing of other people's trauma and grief. This happens quite often following a disaster, particularly to those who work in emergency services or hospitality and to those involved in community work whether as paid workers or as volunteers. It is important to be aware of the possibility of vicarious trauma and to have good self-care.

During our disaster recovery work we became connected to several counsellors and psychologists, both from the perspective of working alongside these people in the support of clients and at briefing sessions we attended. One of the topics often spoken about in relation to support staff like us was 'vicarious' trauma, the situation in which support staff slowly (and often insidiously) become intellectually, psychologically and emotionally stressed from helping clients deal with what they have been through.

We both felt this issue wouldn't apply to us. After all, we had done so many years of personal development work – Anthony whilst recovering from suicidal depression and Sandra after facing her own life-threatening illness.

How wrong we were!

We had not realised how much we had been affected until we started writing this book. We first noticed our procrastination about writing, our need for some form of escapism, our irritability with each other and family, the frustration and angst, and feeling of 'it's all too hard' when dealing with questions from our editor. Can't she see what we're saying? Doesn't she understand?

How could she, not having experienced the trauma herself? Then the penny dropped – these stress-related symptoms are similar to the ones our clients were displaying through their recovery process and were typical of those of our colleagues who were feeling the effects of vicarious trauma.

Many people who have worked in disaster recovery have experienced 'burnout' and are still recovering from the effects of vicarious trauma. Fortunately for us we both had, and have, access to support, and an understanding of what is going on, and we are working deliberately to overcome these residual stresses. The writing of this book has brought up many hidden emotions including grief for the losses we have been involved in and sadness as we relived the many stories of hardship and trauma faced by people we met.

Having said this however, it is equally true that this book has been a key element of our personal recovery process as well as a privileged opportunity to bring the many benefits of our story to life in a way that can help others along the way.

## **Step 5 Conditions that can be caused by trauma**

Dr Gordon explains that in the event of a disaster our capacity to process information and remain functional can sometimes become severely challenged. He suggests that exposure to threat and horror provokes massive change in the brain, body and mind; substances are produced in the brain that damp down sensations of pain,

and energy depletion is masked by adrenaline. Other conditions can follow including stress, post-traumatic stress disorder, depression, grief, survivor guilt, and identity crisis. It is very important to be able to identify each of these conditions and to have an understanding of the symptoms, signs and effects for each condition. This is crucial if you want to be prepared and more resilient to cope with stress and adversity.

*Trauma overloads the mind and emotions and may cause immediate or delayed reactions.*

*It can also damage our ability to process information.*

*It is an experience that doesn't fade in the normal way.*

*Dr Rob Gordon*

## Adrenaline

Adrenaline is the 'survival' hormone. It provides a sudden brief burst of energy that acts in our systems to do everything it can to keep us alive and safe. Dr Gordon explains that when we are under high threat adrenaline switches on and floods the brain, and we do what we have to do. Processes are triggered in the brain that we don't have any choice about. When it happens we don't choose what to do, we just respond. We are programmed for survival, and under threat will often do things that we can't usually do. We get into a high state of arousal.

Adrenaline forces us to drop any processes that are unnecessary and compels us to concentrate on what is necessary for survival. We also shut down feedback loops, so we don't experience pain, fatigue, heat or emotional responses. All our energy is focused on survival. There is massive energy with this adrenaline burst and people become heroic, doing things like lifting heavy weights that they normally would not manage. Attention has a very narrow focus. This was an advantage to us in our evolution. We have developed specialised mechanisms for survival.

## Stress

Dr Gordon also suggests that, following the adrenaline stage, we enter what psychologists refer to as the 'cortisol' stage. Cortisol is the body's primary stress hormone. When the brain is stimulated in response to physical or emotional stress, the adrenal glands secrete cortisol into the blood. Cortisol is the chemical that allows us to hunker down and endure. In days gone by it helped people to survive famines. It uses some bodily systems in order to preserve others. It leaches calcium molecules from the bones to feed the brain. But it puts a person under risk. It can lead to numb emotionless lives. (Refer to Beyond Blue's Fact Sheet 6, *Reducing Stress*, for tips on managing anxiety and stress.)

## Post-traumatic stress disorder

After a distressing event, some people find their reactions are serious and do not gradually subside after a month or so. Severe, prolonged reactions can be disabling and can affect a person's relationship and business. Such reactions indicate post-traumatic stress disorder (PTSD). In this condition, the impact of the event continues to cause high levels of stress. Some people suffer post-traumatic responses for between three and ten years following traumatic emergencies (North and Westerhaus 2003).



## **Symptoms of post-traumatic stress disorder**

PTSD is a potentially disabling disorder characterised by three sets of symptoms.

The first set reflects a re-experiencing of the traumatic event, and includes phenomena such as intrusive thoughts and images of the event, recurrent nightmares and physical and emotional distress at exposure to reminders of the event.

The second set comprises avoidance and numbing symptoms. These include active avoidance of thoughts and feelings of the event and places or activities that act as event reminders, interpersonal detachment and numbing of affect.

The final set comprises hyper-arousal symptoms, which include disturbances in sleep and concentration, exaggerated startle, and hyper-vigilance. This symptom cluster also includes experiencing a lower threshold for irritability and an increased readiness for anger.

## **Depression**

People with major depressive disorders may experience a range of symptoms, including low mood, low energy and low self-esteem; lack of motivation; loss of enjoyment in doing usual activities; changes in sleep and appetite; and difficulty concentrating on tasks or activities. It is not

uncommon for someone with depression to feel that life is not worth living and to have thoughts of death or suicide.

## **Grief**

Grief after a disaster and following the loss of a loved one, a pet or property (including a business) can be felt intensely for a long time after the event.

Grieving will come as things start to stabilise. Grief reactions can persist and, for some remain intense, for a long period. When the emotional level builds up and you can't see the wood for the trees, when you start feeling despair, remember that it is possible to work through this stage, even if it takes years. Humans are immensely resilient, but you don't have to do it alone, having someone to talk to helps keep a focus. Make the link with someone else, find someone to talk with. Having grief counselling and/or becoming involved with support groups can help deal with these experiences. And remember that everyone copes differently.

Sandra recalls that the grief she felt most was when she had to give up her business. Many of her family and friends could not understand her reaction, but people who have run their own business know that your business is not only your livelihood, it is a significant part of your life – how can you just give it up? Although Sandra tried hard to keep her business going, she had not put a business continuity plan in place, and was neither physically nor mentally in a space where she could. Unfortunately, her pride prevented her from asking for assistance and when she realised her dilemma she had left it too late and eventually she was forced to close her business and walk away.

(Refer to Beyond Blue's Fact Sheet 28, *Grief, Loss and Depression*.)

### **Survivor guilt**

Some people connected to the disaster may feel guilty. This can take various forms. There can be those who feel guilty because they survived while family members, friends, neighbours and people in their community did not. Survivor guilt can be common after a disaster and can become a problem for some people if these feelings of guilt are particularly extreme or prolonged. Guilt can

get in the way of asking for help – 'I don't deserve help' or 'Others need it much more than I do'.

It is also important to understand that even those who do not suffer material loss may find that their ability to function normally is affected because they are part of the affected community.

### **Identity crisis**

*Stedman's Medical Dictionary* defines a crisis of identity as 'a disorientation concerning one's sense of self, values, and role in society, often of acute onset and related to a particular and significant event in one's life'.

Many of the people we have assisted post-disaster have discussed with us how their whole outlook on life has been changed – 'what was important is no longer important'. What they used to tolerate they no longer tolerate. They are continually grappling with not only who they are but also who their 'partner' is or has become.

### **Resilience**

According to Wikipedia, resilience as used in psychology refers to the idea of an individual's tendency to cope with stress and adversity. This coping may result in the individual's 'bouncing back' to a previous state of normal functioning, or using the experience of

exposure to adversity to produce a 'steeling effect', thus achieving better functioning than expected (much like an inoculation gives one the capacity to cope well with future exposure to disease). Resilience is most commonly understood as a process, and not a trait of an individual.

Dr McHugh explains that resilience helps a person respond to difficult times with greater hope and confidence, which in turn enables them to act effectively.

While resilience often relates to personal skills, attributes and dispositions, there is general agreement that resilience can be bolstered. Thus we are not born with resilience, but can practise and develop it so that we can better survive the encounters and extreme challenges of life.

**Research suggests that resilience is promoted by the personality characteristic of 'hardiness' which is thought to comprise three components.**

Meaningfulness	Effectiveness	Capacity
The capacity to find meaningful purpose in life, either through some form of work, through human or animal relationships, and/or through spirituality	Being effective, having an impact on your life, your surroundings and the outcome of events – knowing that you can make a difference  This is the opposite of giving in to the helplessness and hopelessness that are common in depression and may require an individual to pay attention to and change the way they think.	A capacity to learn from both positive and negative life experiences  Despite the trauma, there is the potential for more subtle, but nonetheless powerful, growth.

**Resilience can help a person respond to difficult times with greater hope and confidence, which in turn enables them to act effectively. Following a disaster**

**some people may see themselves as survivors who can tackle things that once seemed so very difficult and can embrace the possibilities of a new beginning.**

A prime example of this is a retail ski business in Marysville, which was totally destroyed in the February 2009 fires, but saw an opportunity to turn a green field site into a purpose-built ski hire facility. Prior to the fires the business made the best of the building they had, but after the fires they had the opportunity to design something functional, providing a more convenient pick-up and drop-off service for their clients, state-of-the-art drying rooms and more space for sales and hire of goods and services.

### Some tips to help you become resilient

- Maintain social connections
- Promote a healthy lifestyle
- Set and work towards goals
- Pursue activities that have meaning and purpose for you

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There are many resources available to help you to be more psychologically prepared should a disaster strike. We encourage you to do as much reading and research as you can on the subject. Remember, no one is invincible. Disaster can strike at any time and without notice.

We have included some information, strategies and links in the Resources section but would encourage you to seek further information on trauma-related mental health problems such as PTSD and depression, by visiting the website of the Australian Centre for Posttraumatic Mental Health ([www.unimelb.edu.au/](http://www.unimelb.edu.au/)) and the Trauma-Related Mental Health Service of Austin Health ([www.trauma.org.au](http://www.trauma.org.au)). Beyond Blue provides important information on depression on the website [www.beyondblue.org.au](http://www.beyondblue.org.au), and we can recommend the Beyond Blue booklet *Looking after yourself and your family after a disaster*.



# 2

**What constitutes  
a disaster?**

The Oxford Dictionary defines a disaster as ...

1. 'a sudden accident or a natural catastrophe that causes great damage or loss of life'
2. 'an event or fact leading to ruin or failure'

A disaster in our definition (and in the context of this publication) is any event that dramatically upsets your normal pattern of business. This could be naturally caused (such as a fire, flood, earthquake, accident or illness) or caused by man (such as a hold-up, a terrorist attack, war or sabotage). Irrespective of cause, the result is the same — massive and sudden interruption to your normal way of operating.

In a pre-disaster state we both naively believed (as did many other people we have worked with after disasters) that we would have all our normal faculties (physical and emotional) to draw upon in a post-disaster environment. This belief has proved to be far from the truth.

What we failed to see, but are now acutely aware of, are the many unforeseen physical and emotional responses that prevent logical thinking in the aftermath of disaster and how these devastating and unforeseen emotional effects damage the ability of all those involved to respond in a rational or lucid manner.

To highlight this point we have noted some of our observations of many people from all walks of life and from all types of businesses in a post-disaster situation and will present these examples throughout the book.

We have witnessed first-hand how many strong and capable people could not function, walking around in a daze of disbelief and disorientation. We saw how others, who would normally be seen as followers, came to the fore and truly shone in their leadership, strength, compassion, dedication and composure. Whilst it is true that disaster affects different people in different ways, it is equally true that you will never know *your* response to a disaster until you are in one. None of us can foretell the physical injuries we might have to deal with and/or how the emotional impact of dealing with the confusion and mayhem of a disaster will affect our ability to behave in 'normal' ways.

### ***So what might you have to deal with as a result of a disaster in your business?***

To answer this question more fully, and because with different types of disasters different issues arise, we have broken disasters into three categories — natural, manmade and accident/illness.



## 1. Natural disasters

Natural disasters (in our definition) include:

- bushfire
- flood
- cyclone/tornado
- landslide
- earthquake
- drought
- volcanic eruption
- tidal wave/tsunami

Common to all of these is the fact that humans have no control over when such a disaster might occur or the severity of its impact. There may be sufficient forewarning to activate a disaster plan that will enable the danger zone to be cleared, thereby minimising the risk of physical injury or death, but if there is little or no warning those affected must face the danger and do their best to survive.

Typically what you might encounter in a natural disaster is total or partial loss of your possessions, loss of infrastructure to communicate with the 'outside world', interrupted ability to travel (road closures, broken railway lines, swollen rivers, damage to airports), loss of power and sanitation, damaged or destroyed food and/or water sources and lack of immediate medical attention. In addition, your business may suffer loss of staff, loss of records, loss of stock with which to create an income and loss of clients or suppliers.

## 2. Manmade disasters

Manmade disasters (in our definition) include:

- terrorist incidents
- sabotage
- fire
- theft
- random acts of violence and destruction
- major civil unrest

Common to these is the fact that sufferers usually have no pre-warning despite the fact that perpetrators may have planned the event.

As with natural disasters there are many 'common losses' such as loss of possessions and the same business losses can occur. The main point of difference however is that most damage will be 'localised' and therefore will be less likely to include a total loss of surrounding infrastructure such as food and water, power, medical aid, clients and/or suppliers.



### **3. Accident/illness disasters**

'Accident' covers all those things that happen to a small-business owner or to a key staff member, such as injury, illness or sudden death.

'Illness' is when either the small-business owner or a key staff member is faced with a life-threatening or chronic illness such as heart attack, cancer, multiple sclerosis etc.

Accidents and illness can happen in many and differing ways. Some can catch you unawares and you have no control over them, such as a cancer diagnosis, a life-threatening illness or someone negligently causing a motor vehicle accident, or a work-related injury. There are other instances where you may have some level of control over the potential impact by the way in which you live your life — for example, whether you exercise, whether you pay attention to your diet and sleeping patterns and whether you take steps to balance your emotional health and wellbeing. In other cases one day you might feel fine, eat healthily, exercise etc., such as

was the case for Sandra and without any real warning you find you have been diagnosed with cancer or have a heart attack or find you have a degenerative condition.

Whatever the reason, accidents/illnesses affect not only the life of the person who sustains the accident/illness but also others around them, and in particular those who need to provide care. Most times the carer just goes quietly about doing what is required. Sometimes though, the whole experience can lead a carer to re-evaluate his or her life, which may lead to reduced hours of work, or a completely new job. It may be that both of you will want to see a career change specialist who can assist you with decisions you have to make.

Irrespective of cause, planning can and does make a huge difference to the extent of the impact a disaster can have on your life and/or business and has an equally proportional impact on the length of time it may take to regain a sense of 'normality' in post-disaster environments.

# 3

**The four phases  
of disaster**



**Typically there are four phases to go through in coping with any disaster — planning, preparation, response and recovery.**



**W**hilst the complexities of these phases will be covered in subsequent parts of this book, at this stage we offer a brief overview to assist with better understanding the issues likely to be faced at each of these four phases.

### **1. Planning for a potential threat**

Planning (or the lack thereof) makes a significant difference to the emotional impact a disaster has on individuals and the speed of their recovery after the disaster.

As one of our colleagues put it 'If you knew it was going to rain, you would take an umbrella with you'. Sadly however, most people cling to the belief that 'it'll never happen to me' rather than being honest about the environment in which we live and operate our businesses and therefore to what extent we leave ourselves exposed to the vagaries of weather, nature and/or the will of others.

Both authors have received wake-up calls and we have both had to face up to the honest recognition of 'potential dangers' relevant to our own lives. Sandra's wake-up call came as a result of being diagnosed with cancer and Anthony's came when he was confronted with the Black Saturday bushfires surrounding his home and then having to live on alert of evacuation for six weeks.

### ***None of us is invincible!***

Whilst Black Saturday was an unprecedented event in terms of weather extremities, it served as a timely and scary reminder of the fragility of life, the enormity of what people can be exposed to and how the general lack of preparedness in the community made everyone extremely vulnerable in the face of such danger.

Our work in the relief/recovery process has given us insight into areas of planning that had not been considered previously and that we have now found are crucial to personal safety, to the prospects of complete recovery and to the possibilities of business continuity both during an incident and whilst working through recovery after an incident.

The key to 'appropriate' preparation planning is undertaking a comprehensive risk assessment to identify both the types of risk you might face and the probability of those risks occurring.

Once the possibility/probability of threats is identified, business owners can look at 'worst case outcomes' from each particular threat/risk and then work backwards to identify what tools, processes, systems, insurances and/or training might be required first to minimise the impact of each perceived threat and secondly to ensure that everybody knows what to do should any identified threat actually occur.

Human nature and experience show that this is probably the area most likely to be neglected because of an underlying belief that a 'disaster event' is hypothetical at this stage and thinking that 'I have better things to do' with the time and energy that could be put into planning for something that might never occur.

But what if any of the identified events actually happens to YOU?

The key to responding positively to a significant disaster is first to recognise any potential threats/hazards to you or your business and then to create a 'best guess' plan about how to respond should such a threat materialise.

## **2. Preparation for the impact of a threat**

In the preparation phase it is important to look at the physical activity (as distinct from the theoretical overview) that has to be performed when facing the particular disaster risk that has been identified. This is when

- survival kits are prepared
- insurances are obtained
- alternative arrangements for ongoing trading are secured
- staff are allocated to their emergency duties
- training is both organised and undertaken
- documentation regarding proof of identity, important contracts, powers of attorney and wills are gathered for use in the post-disaster environment should that be necessary

The key to preparation success is practice. The more trained and the more practised you and your team are in knowing what to do when faced with a disaster the more likely you are to first survive and then to recover in the shortest possible time.

## **3. Response in the midst of disaster**

Core to survival is first to know what threat you are facing, secondly to plan how you can escape this impending threat and lastly to determine how you can stay safe during an event should escaping to a safe zone or safer surroundings be impossible or impractical.

Implicit in any survival plan is a true and honest acknowledgment of your real capabilities for facing a perceived disaster threat along with a pragmatic evaluation of escape routes, resources and an all-important understanding about 'what if everything goes pear-shaped at the last minute'.

Friends of Anthony living and working from their home property in a bushfire-prone area found out the hard way the cost of being ill-prepared in a disaster when they were watching DVDs in air-conditioned comfort on Black Saturday, 7 February 2009, a day of scorching temperatures and high winds. They decided to check the Country Fire Authority website and were horrified to discover a bushfire was nearby. As a precaution one of them went outside to prime fire-fighting pumps but realised that fire had already hit the bush surrounding their property on two fronts – one in the bush away from buildings towards the east, the other along the only escape route, their driveway to the west. With a wall of fire coming towards them and with trees across the driveway, escape was impossible. They had no choice but to stay and defend. Sadly, they lost their home, their business and most of their property, and probably would have lost their lives if it weren't for the swift actions of a son whom they had called to say their goodbyes – who was able to organise a helicopter and winch them out with moments to spare.

Since the Black Saturday disaster there has been much discussion about 'safe areas', fire bunkers and preparedness for fire with personal safety equipment or plans for leaving on 'warning' days. Whilst we wholeheartedly support these initiatives, we are also aware of their practical inadequacies at times.

Sometimes escape is not possible and can be, in fact, extremely dangerous.

Deciding to leave in the face of impending disaster brings its own concerns – where do you go, how suitable or safe are 'safe' places, how appropriate it is to leave in terms of the potential danger travelling itself may create, how long should you stay away?

When a disaster has arrived you have to answer another series of questions. What are your responsibilities regarding the safety of staff and/or customers who may be at your business at the time a disaster happens? What if escape routes are blocked? How do you navigate escape routes when possibly hundreds of others are attempting to do the same? What do you require to stay as safe as possible during the danger period?

Many questions have to be considered before making a plan for surviving a disaster event whether that event is a natural disaster, a localised building fire, a storm or any other circumstance that could put your life and the lives of those you care about in jeopardy.

#### 4. Recovery post disaster

Recovery involves all dimensions of one's life — emotional, physical and mental. Obviously individual circumstances will be different and each will require different strategies but there are many common factors:

- registering your circumstances with aid authorities
- finding somewhere to live/trade if you do not have access to your home/business or the area where you live/trade
- getting help, both immediate and ongoing
- using your time most effectively — getting organised will help re-establish normality and thereby speed up the recovery process
- rebuilding — home, business, connections, records or anything else that may have been damaged or destroyed
- reconnecting with friends, family, clients and life
- facing the anniversaries of a disaster

There is also a major contributing factor that you will have to deal with — your emotional response to the disaster you face. It's virtually impossible, in a pre-disaster environment, to know how you will feel.

Chris was a very strong, clear and focused person who was successful in the family business, had a loving relationship and was well-respected within a circle of peers. In the Black Saturday fires Chris and his partner lost their home, all of their possessions and their business. The recovery process worsened as Chris slid into depression, feeling a strong sense of failure and guilt about not having done more to protect the lives and livelihood of the couple. Within 12 months Chris became embittered, abusive and violent which led first to break-up and divorce and then onto breakdown, illness and ongoing medication to stay alive. Chris remains in a state of grief, loss and depression some three years after the event that interrupted their normal world, and recovery continues to be more difficult and painful than anyone could have predicted.



## Planning

In every commercial environment planning is considered to be **the** prerequisite for success.

Our experience has shown this to be just as true in the disaster environment because those (albeit a few) whom we know were even partially prepared generally fared better during whatever disaster faced them and certainly appeared to recover much more quickly than those who had no disaster plan at all.

### ***Have you thought about and do you have a disaster recovery plan for your business?***

If you are like the majority of business owners we've encountered, both from within disaster-impacted areas and in the wider business community, the answer will probably be no. Most small-business people we have spoken to after a disaster thought that nothing like that would ever happen to them. If you have that attitude too, we hope you are proved right, but what if you are wrong? What if the time spent on a disaster recovery plan now could make life easier for you in the event of a disaster and accelerate your recovery should some kind of disaster occur to you or your business?

We firmly believe a disaster recovery plan is as essential to your business as customers but the sad reality is that most business owners have no idea how to create such a plan.

***The purpose of the next few sections of this book is to help you identify what needs to be covered in a disaster recovery plan and to create a plan that's specifically relevant to your business irrespective of its size or location and irrespective of the type of disaster you may encounter.***

So let's talk first about what you need to consider when developing a disaster recovery plan and then work through the steps of creating a plan for your business using a series of tools and templates that have been shown to work.

Every disaster recovery plan has five key steps:

1. Identify risks
2. Minimise or eliminate risks
3. Identify who has to do what should a disaster occur
4. Determine and plan your recovery contingencies
5. Communicate the plan to all the people it refers to

In addition to these five key steps every disaster recovery plan has to consider and answer questions about the effect a disaster event may have on certain components of a business so that you can plan how you will either eliminate or at least minimise the impact on your business overall, remembering all the while that the aim of this planning process is to get your business back up and running as fast as possible in a post-disaster environment.

The components to be considered are people, processes, premises, providers, profiles and performance.

- **People**

- What changes of roles and responsibilities might be required should some staff no longer be able to work?
- What levels of awareness and education about the plan/contingencies do particular staff require?
- What is the likely availability of people (existing and/or replacement staff) to keep the business going during/after a disaster?
- What might be the emotional impact of the disaster on your staff members and what support processes might you have to access in the recovery phase?
- What might your people need in order for their own home situations to recover from a disaster?

- **Processes**

- What organisational processes (manufacturing, sales, delivery, financial, IT) do you run and what changes might you have to make to them in a post-disaster situation?
- How would your communications (both internal and external) be affected and what non-traditional communication methods might you require to stay connected?
- What formalised planning have you done, where is it stored and who knows about it should it be required?

- **Premises**

- What might the impact be on buildings and facilities, including access, for staff, customers and suppliers?
- What alternative buildings and/or facilities could you use as a backup or in an emergency?
- How can you minimise the impact of potential disaster with security, sprinkler and other risk minimisation actions?

- **Providers**

- How could you protect an ongoing supply chain (purchased goods and/or raw materials) if either their or your business were affected by a disaster?

- Who are your contractors or the people you outsource work to? Do you have a complete list of their contact details? Who provides your communication, sanitation and other essential services? Do you have a list of their contact details? Are all your lists backed up with copies held somewhere off site? In the event of a disaster, what alternative sources do you have to supply the services your business requires?
- **Profile**
  - How might your brand, image and reputation in the marketplace be affected after a disaster? What elements do you need to protect and how would you do that?
  - How would you prepare for a heightened awareness of your brand/market profile in a post-disaster situation?
- **Performance**
  - How long would it take you to re-establish accepted benchmarking standards post-disaster?
  - How would you evaluate and audit your post-disaster recovery processes to check on their relevance and/or effectiveness?

These points have equal meaning for all types of disasters. We consider them to be the generic components of disaster recovery and minimisation planning. More information relating to our three main types of disasters — natural, manmade and accident/illness — is provided in Part 4.

### **Key step 1 — Identify and analyse potential risks**

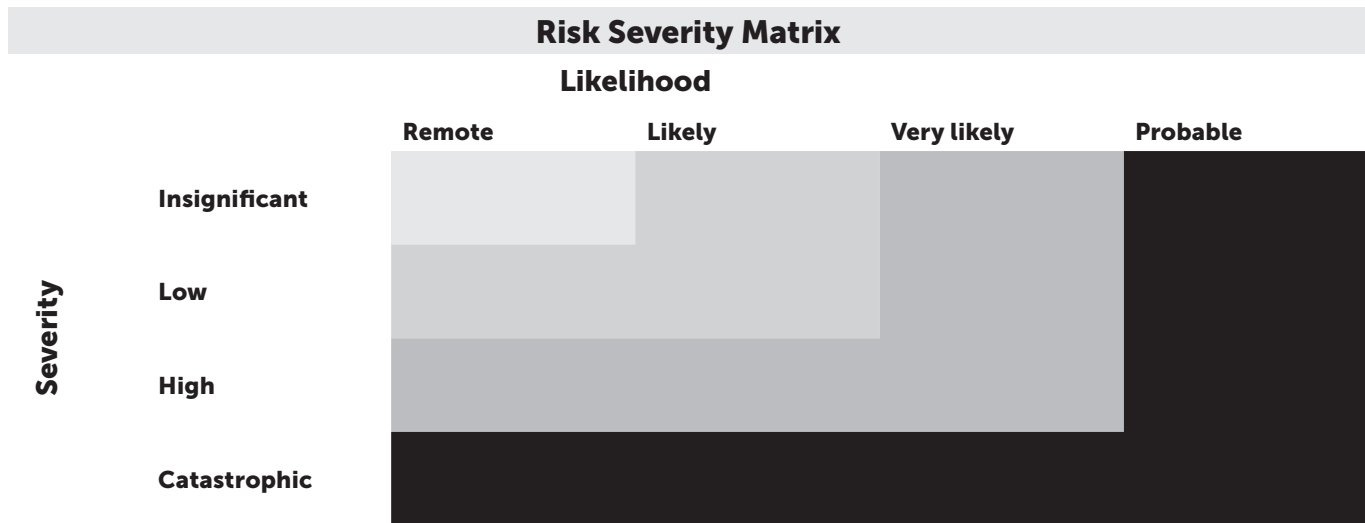
The first steps in any planning process are to identify what the potential problems are and to determine the likelihood of their occurrence.

So what are your risks and how likely are they to occur?

Most businesses face many risks, some that will cause major disruption, others that will be a minor irritation. It is important to go further than simply identifying potential risks. You must also make an educated assessment of both the likelihood and the potential severity of each risk so that you can prioritise your planning efforts towards those that have the greatest potential for the severest impact and/or long-term harm to your business.

Obviously in this stage of disaster recovery planning you must consider the core groups of risks we spoke about earlier, i.e. natural disasters, manmade disasters and accident/illness.

In working with our clients whose businesses have suffered disaster we have found this simple and commonly used matrix for identifying risk severity to be effective.



For example, let's say your business is in a township near a river that has a history of flooding or in a neighbourhood with a high risk of armed robbery, then you would have to rate the probability of such events affecting your business as either likely, very likely or probable and then you would need to make a determination of the severity of impact on your business. If you decided the impact would be high that would help you determine the priority order in which you would prepare your disaster plan. Conversely, if a risk were rated as remote and insignificant in terms of impact then it would be way down your priority list and would take little of the time or resources you put into your disaster planning.

Once the severity of individual risks is determined you are able to create a prioritised list of what those issues or potential issues are. Then you can determine your options for eliminating, minimising or mitigating the potential damage that each of these could cause.

On the next page is a template for prioritising risks that you can use as the basis for your entire disaster recovery plan. Note particularly the last two columns which encourage you to review your list periodically to ensure its ongoing relevance.

## Risk Prioritisation Template

**Business Name:**

**Location:**

Priority	Identified risk	Likelihood	Severity	Responsibility	Minimisation action
1-5	(description)	(from risk matrix)	(from risk matrix)	(name or position)	(description)
1	Threat of total destruction from bushfire	Very likely	Catastrophic	Owner/ Manager	<ul style="list-style-type: none"> <li>• Clear surrounds of debris</li> <li>• Arrange insurance against risk</li> </ul>

A copy of this spreadsheet along with other templates is available at our website — [www.AreUready.com.au](http://www.AreUready.com.au)

Key to effective use of this template is the establishment an ongoing review process to ensure continuing suitability and relevance to future circumstances.

Whilst creating this list we strongly recommend you consider the full range of potential risks to you, your people and your business by looking at each of the disaster types (natural, manmade, accident/illness) and then at each of the six subgroups of people, processes, premises, providers, profile and performance. Using

this method you will be most likely to identify the many variables that exist rather than simply concentrating on the more obvious ones.

Here are some examples of how you might apply this questioning to our three core disaster types.

**Date of Plan:** / /

**Version Number:**

<b>Contingency action</b>	<b>Actioned by</b>	<b>Action date</b>	<b>Reviewed by</b>	<b>Review date</b>
(description)	(name)			(name)
Relocate to nearby town				

**Natural disaster** — Are you in a potential flood, bushfire, drought, earthquake, tsunami, tornado, hurricane/cyclone or volcanic zone and if so when was the last event, what is the normal cycle of events in your area and therefore what is the likelihood of a repeat event in the foreseeable future? If a natural disaster were to occur and affect your business what is the worst case scenario? Looking at the six sub groups there are a number of possibilities. It is up to you to determine the likelihood and severity of each.

- *People* — There could be: death or injury to workers, possible isolation of workers (i.e. they are unable to attend work due to blocked/damaged access routes), commitment of workers to looking after/ assisting injured or displaced family members, and possible emotional issues caused by the disaster that make your people incapable of performing their normal work-related activities.

In the Black Saturday bushfires road closures were in place for several weeks and many people whose homes were damaged had to be relocated whilst the area was made safe. Once roads were reopened some people found that they had lost their homes and had to make longer term alternative accommodation arrangements.

- **Processes** — Think about your normal business processes — paying bills, purchasing stock, running your computer systems, serving customers, working with outsourced services or contractors. Think also about legal/contractual obligations you may have entered into for the provision of goods and services to others and what might happen if you were in breach of those agreements.

Many hotels/motels in and around fire- and flood-affected areas had to refund booking deposits because clients were unable to access affected areas, or were misinformed by media claims of impassable roads and/or non-existent or highly exaggerated dangers in affected areas.

- **Premises** — How protected/prepared are your premises for the potential of natural disasters? There is always the possibility that your premises could be damaged or destroyed along with business assets such as equipment, fittings, furniture and stock, and this would affect your ability to trade normally and therefore derive an income.
- **Providers** — In some disaster situations it is not you that is directly affected. It may be your suppliers who are prevented from supplying you with the raw materials, stock and/or services you require for the efficient running of your business.

Ironically, the example we have here is of a provider who was unable to provide because a disaster affected his customers. After Black Saturday a butcher from outside the fire zone who supplied meat to the many hotels, restaurants and guest houses in the fire-affected areas lost 75 per cent of his business overnight because his customers' premises/businesses were destroyed.

- **Profile** — Consider the impact of a disaster on your brand/business image and the result this may have on your reputation in the marketplace you serve.

- **Performance** — Do you know the key performance indicators (KPIs) and benchmarks for your business as it currently is? Many businesses have contractual supply/service arrangements that demand adherence to KPIs or benchmarks and that sometimes have hefty non-performance penalties attached to them. What would be the impact of disruption to these arrangements and how might they affect your business?

**Manmade disaster** — Are you potentially at threat of civil unrest, terrorist or gang attacks, sabotage (possibly from disgruntled employees, competitors or ex-partners), fire, theft or other random acts that could lead to damage or destruction? Whilst some of these pose similar issues to natural disasters, others, such as sabotage, bring about a whole new realm of potential consequences that could affect the capacity of your business to perform effectively. If you believe your business could be affected by manmade disasters think about the probability and potential impact of such threats using the matrix described earlier as well as the six subgroups.

- **People** — Could a manmade disaster lead to possible death or injury to workers and/or customers? If so what would be the impact on your business particularly if pursued by the relevant State workplace safety and protection agencies and/

or through litigation from injured workers or, in a worst case scenario, the family of a worker who has died as a result of a workplace accident? Apart from your business, what impact could sabotage have on employees, clients or the community as a whole?

- **Processes** — Think about your normal work processes and think about the impact manmade disasters could have on your ability to continue paying bills, purchasing stock, running your computer systems and/or serving customers.
- **Premises** — How protected are your premises from potential manmade disasters? How would you continue your business safely if your business premises were damaged or access were denied?
- **Providers** — What would happen if your suppliers were prevented from supplying you with the raw materials, stock and/or services you require for the efficient running of your business because their business had been affected by a disaster?
- **Profile** — Think also about the ramifications on your brand if you have products that are sabotaged and have to be recalled from the marketplace.
- **Performance** — What are the potential impacts of these types of risks on your business's capacity to meet its KPIs?



**Accident or illness** often strike at crucial times during the development of a business. Sadly, many of these events are preventable. Business owners need to take care of their own health and they need to provide a safe and healthy environment for themselves and their workers. Everyone needs to exercise proper concentration when performing daily activities. Appropriate safety measures need to be installed and adhered to.

- **People** — Death of or injury to business owners or workers or their families can occur not only at work but also outside of work hours, e.g. sporting accidents at weekends or motor accidents. Long-term illness of a worker or in a worker's family can have a profound impact on your business. What impact might prolonged recovery of injured/ill workers have on your business? How would you replace the intrinsic knowledge and expertise of those unable to return at all?
- **Processes** — Think about your normal business processes — paying bills, purchasing stock, running your computer systems, serving customers, working with outsourced services or contractors. Who would take over these individual processes if a worker were absent for a prolonged period of time?
- **Premises** — Whilst accidents or illness seldom directly affect the business premises, investigations into workplace accidents can cause premises to

be closed for a period of time and may enforce structural upgrades before work activity can recommence so you need to consider any shortcomings in your premises and their likelihood of causing potential accidents, injury or death.

- **Providers** — What would happen if an accident, illness, injury or death affected one of your key suppliers? What are your alternatives?
- **Profile** — Would a workplace accident resulting in death or injury affect your business reputation?

Think about the impact that maintenance and safety concerns have had on the reputation of Australia's national airline Qantas and the adverse press that accompanied those issues. Ask yourself how such media scrutiny might affect your business.

- **Performance** — Consider the impact of accidents, death or illness on the performance of your business and the ongoing ability to meet the KPIs.

## Key step 2 – Minimise or eliminate risks

Once risks have been identified the next question to consider is how to either eliminate or minimise those risks.

Rather than look, at this point, at how risk minimisation might be enacted for each of our three disaster types, we will concentrate on the generic aspects of risk minimisation or elimination relating to our six subgroups and provide specific strategies for the natural, manmade and accident/illness disasters in Part 4.

When considering risk minimisation or elimination, the most cost-effective solution is not always the best solution. Our experience has shown that businesses taking what was the most cost-effective option at the time (often based on the naïve belief that the potential threat would never happen to them) found out at the time of the disaster that their thriftiness had become a costly error.

One of the most commonly used risk minimisation tools is insurance. Sadly, experience shows that many people fail to keep their insured values up to date with increases in property values and/or increased costs for replacement of goods lost, so they find themselves under-insured against the real value of a potential loss.

An elderly couple we know, who had a small business and home property that was devastated by fire, had failed to maintain current value of their home, business and possessions with their insurances and found, when lodging their claims, that they were covered for only 10 per cent of their actual loss.

An insurance cover often not taken out because of the expense is business interruption. Examples of the benefit of this cover were clearly shown after the floods and the fires when many business owners were unable to return to their businesses and/or restart their businesses for several weeks. Had they taken out business interruption cover they would have maintained average earnings for the insured period rather than having to draw on their own resources to fund ongoing rental and other regular business expenses even though the business was not running.

Other insurances imperative to financial continuity include public liability, income protection and, most importantly, ensuring that your home and/or business insurances actually cover disaster events that are most likely to occur in the area in which you live/work. This 'disaster' insurance is even more important in areas that have already suffered natural disasters because many insurers had, or now have, included exclusions or altered

the wording of policy documents to minimise their exposure to future risk. It is essential that you have in writing from your insurer, and that you understand clearly, what is specifically included and not included in your insurance cover.

After the Charlton floods some insurers were able to 'walk away' from their obligations through technical interpretations of the meaning of a flood despite having assured policy holders previously that they were covered for flood risk.

A simple but effective way of fast tracking your insurance claims is to have and maintain an asset register (see simple example in the Resources section at the back of this book) that lists all your insured items — preferably with photos (individually numbered) and serial numbers — that is stored safely in your data storage facility with appropriate backups offsite. This will help you work out what has been lost and will assist you to make a priority list of what needs to be replaced.

Anthony's experience of working through 'what has been lost' with business owners applying for Restoration and Repair Grants in the Recovery Hubs after Black Saturday showed how most were still so shocked that they were unable to remember what possessions they had. In one case a grant application was being prepared for \$12 000 but after some prompting it was realised there was another \$80 000 worth of eligible items to be considered for the grant application and to include in a claim against insurances.

Let's now consider some of the other generic risk elimination or minimisation factors we believe are imperative for your disaster recovery planning relative to our six subgroups.

- **People** — Your workers may not be available because of a disaster harming them or someone close to them and therefore preventing them from returning to work so you must make some decisions about sources of people replacement (whether short or long term) to ensure that your business can continue. Whilst this may sound mercenary, remember that putting some pressure on your workers to return to work may often speed up the

recovery process, because work gives most people a sense of purpose and belonging. Community healing takes place more quickly when businesses reopen in a post-disaster environment because reopening is often seen as a beacon of hope.

Other points to consider in relation to your people include:

- creation of security and or warning systems
  - creation of potential safe or safer havens
  - preparation of escape routes (several alternative options)
  - creation of 'emergency assembly points' along with maps/instructions about what to do and where to go in the case of an emergency event
  - creation of a 'leadership plan', i.e. who has responsibility to do what in case of an emergency and then consider who is the next in line to take over that role should the main person be unable to perform those duties
  - training/practice of procedures — the old 'fire drill' scenario which, despite people's protests, has been shown to be effective in minimising panic and increasing survival when real emergency situations occur
  - consideration of the benefits of insuring key people and your business against the loss of these people — whilst the actual individuals may not be able to return, funds from insurance will assist in sourcing suitable replacements
  - consideration of the likely responses of your people in terms of their potential intellectual, psychological and emotional state either during or after an emergency event (see Part 1 'The intellectual and psychological impact of disaster' for guides to 'normal' reactions and recovery times from trauma)
  - consideration of the possibility of 'other people' (tradespeople, customers and or visitors) who might be at your premises during a disaster and what you may have to plan in terms of their safety and wellbeing
  - creation of a 'support list' of people — family, friends, medical and emotional support people — along with contact numbers that you and your team can turn to for help should a disaster occur
- **Processes** — It is important to consider the many processes within your business and work out how to get these back to normal in the shortest possible time. Specific points to be considered should include the ones suggested below.
  - Data storage is one of the few areas in which business owners generally make some attempts

at minimising their risk of loss. In your planning processes consider the potential loss of both software and hardware and make provision for replacement of both as well as of your important data. As well as multiple backups offsite, consider the use of tools like DropBox and other cloud-based data storage facilities. Many of these are available free of charge for smaller amounts of storage and can be upgraded (with payment) for larger storage needs.

Melbourne-based company Section Technologies markets a system called Shadow Protect which backs up your whole computer system (operating systems, software and data) both at your own designated locations and on their server several times a day (unnoticed whilst you are working). Section Technologies can also lend you a desktop or laptop computer loaded with all your most recently backed-up information from their servers so that, if required, you can return to work within hours rather than days or weeks.

- Because regular staff may be unable to work their normal hours (which can have a major impact on business continuity) it is worthwhile considering where you might be able to secure replacement staff and/or what organisations may be able to assist with procuring staff if required.
  - Businesses involved in tourism, particularly those offering accommodation and those organising events, need appropriate cancellation and/or relocation policies should their premises become unavailable through a disaster. Consider reciprocal arrangements with competitors in your local area, the creation of a cancellation/refund policy, and/or postponement (if possible) should a disaster have a short-term impact only.
- **Premises** — The physical space from which you conduct your business must become usable for your business as soon as possible after a disaster. Consider the following:
    - safety of the business premises for reoccupation in the post-disaster environment
    - speed of reoccupation after a disaster

Many businesses in towns directly affected by Black Saturday were closed and many other towns around Victoria were isolated by flood waters for several weeks after disaster events, as was the whole of the central business district of Christchurch after New Zealand's devastating earthquakes in 2010. In many cases business owners did not know for some time whether their businesses were still standing let alone operational.

- alternative sites from which to operate — these might be out of the premises of a friendly competitor, leasing alternative premises or relocation of the business to another geographic location depending on the severity of damage and/or your ability to financially manage the time required for repairing your existing location
- replacement of equipment essential for running your business — in many cases this is not a major issue particularly with electronic devices like computers and phones that are readily available, however it does become an issue if you run a manufacturing, mechanical, agricultural or hospitality business where expensive machinery or tools and hoists are required or where commercial kitchens have to be used

- **Providers** — How might your suppliers be affected by a disaster even if they are not directly affected?

Remember the butcher in the Yarra Valley who lost 75 per cent of his business overnight when the majority of guest houses, restaurants and hotels he serviced were destroyed by the Black Saturday fires.

What if your suppliers are affected by a disaster even if you are not?

Many food outlets could not get supplies from berry farms, orchardists and wineries affected by Black Saturday or from crop and dairy farmers affected by floods.

Other considerations regarding providers include:

- Where might you access replacement stock should it be stolen or damaged? Your traditional suppliers will most likely be able to help provided they have plenty of stock on hand and provided your accounts are up to date or the loss is covered by your insurances.

- What are your options if such services as cleaning, garbage, bookkeeping or maintenance suddenly become unavailable? Where will you source alternatives? Do you have a register of people who have approached you for work that you can quickly call to get you back on track?
  - What would happen if water were contaminated or telephone, electricity, gas or other essential services were interrupted for prolonged periods? What alternatives do you have, such as generators for alternative power sources?
- **Profile** – Consider the effects a disaster might have on your public profile.
    - What would be the impact on your brand and reputation if illness of an employee were to create a health hazard for patrons? How might your brand suffer in the aftermath of sabotage through malicious behaviour of competitors, disgruntled customers or staff?
    - Prolonged closure can adversely affect your brand because customers find alternative sources of supply, which means that many businesses are forced to approach their reopening as if it were a new start-up.

- Sometimes damage to a business's profile comes from adverse and incorrect media reporting that has nothing to do with a specific business.

After Black Saturday and the Victorian floods segments of the media made frequent reports about townships being inaccessible when in fact they were neither affected nor closed as was suggested. This incorrect reporting created significant short-term effects on the economic viability of many businesses in those areas.

- **Performance** – How will your business perform in a post-disaster environment? Whilst this will vary depending on the severity of the actual disaster your business faces, some key things to consider include
  - the speed with which you can recover from a disaster
  - the openness you use with your customers, suppliers and service providers about the impact of the disaster and your plans for getting back to 'normal', particularly in relation to your creditors – everyone is more likely to be supportive of your situation if they are kept well informed

### **Key step 3 —Identify who has to do what should a disaster occur**

One of the simplest and most powerful tools for a speedy recovery from a disaster is a clear picture of, and clear directions about, who has to do what should your disaster plan have to be enacted.

Having used the risk severity matrix to work out which disasters you might be most likely to face, and having prioritised the risks so that the most likely is the one you will work on first, you are now ready to construct a series of checklists to work out exactly who in your business should do what if a disaster were to occur. If you are a one-person business construct your checklist by dividing your business into sections and placing those sections in order of priority from most to least urgent.

If you are a one-person business it's easy to think that you have to do everything, but this is not necessarily true. Think about people in your support network who can assist should the need arise. Maybe a bookkeeper or accountant can help with your financial records. A lawyer can help with such important documents as wills, powers of attorney, passports and other identification documents. Your bank manager may be able to assist with gaining access to financial accounts and getting speedy replacement of credit cards. Think about the skills of your friends and relatives — they may be able to assist you

should a disaster occur. Ask them whether they would be willing to take responsibility for specific parts of your disaster plan.

Here are some specific points to consider in preparing this key step in your disaster plan.

- Determine who will be responsible for co-ordinating people at your work premises should an emergency occur. Nominate an appropriate chain of command so that people are not tripping over one another in a state of confusion.
- Determine the process for responding to a disaster and create a checklist of things to be done in the order they should be done so as to ensure that the risk of further damage/injury is minimised during the response phase and to cover the possibility that people may be in shock, are likely to be confused and may forget the simplest and most important things to be done.

Once the people elements are worked out you are able to create your response checklists. An example of a response checklist for evacuating a business is provided in the Resources section at the back of this book.

Obviously the checklists for your business will include the names of the people who have responsibilities, and a place for a signature with date and time.



Many other practical templates were created by CPA Australia in the aftermath of the Black Saturday bushfires. These are available at [www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/disaster-recovery-toolkit.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/disaster-recovery-toolkit.pdf)

Another useful planning checklist is the Business Continuity & Disaster Preparedness Checklist that was created by the Queensland Government and is available at [www.business.qld.gov.au/\\_\\_\\_data/assets/word\\_doc/0005/15296/Business\\_Continuity\\_Plan\\_Template.doc](http://www.business.qld.gov.au/___data/assets/word_doc/0005/15296/Business_Continuity_Plan_Template.doc)

#### **Key step 4 – Determine and plan your recovery contingencies**

Individual recovery contingencies obviously have to be determined by the type, style and size of your business and, of course, by the extent of damage to the business. It is important to spend some time looking at the various contingency elements that might be required when recovering from a disaster.

In 2007 Small Business Victoria published a document entitled Emergency Contingency Planner (see <https://services.business.vic.gov.au/vbmk/getattachment.do?type=faq&id...>) which includes the following relevant points:

- **Examine your legal responsibilities** with a solicitor who can help interpret employment contracts, leases, contracts of supply and insurance policies, and can give advice on your legal options.
- **Identify all current payments that can be delayed**, for example, talk to suppliers about deferring payment of invoices temporarily until the business is trading again.
- **Meet with your bank to discuss restructuring any business or personal loans** and check if they are willing to delay loan repayments, mortgage payments and the like until the business is trading again.
- **Contact your regular suppliers** to advise of your situation. If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements.
- **Contact your leasing company** to discuss alternative payment arrangements.
- **Communicate with the landlord** to make arrangements such as temporarily deferring rental payments with an arrangement negotiated for the business to catch up with rent once trading resumes.
- **Contact your industry association** to see what information is available. Industry associations can often assist with information on employment

*contracts, alternative suppliers, and consultants who may be able to help you manage the emergency.*

- **Contact your clients/customers** to advise of your situation. *If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements — similar businesses in your network may be able to assist with supply of product or services.*

We have some extra suggestions that might help you.

### **Natural disasters**

Normal services — power, water, sanitation, telephone, access to the internet — may be absent from your area for extended periods of time. How long can you sustain your business should these services be unavailable? What steps can you take to ensure short-term availability of the services that you will require if you cannot move? What alternative operating sites might be available for your business to continue until the disaster-affected area is restored?

Consider the potential impact on your people. Are staff likely to be able to access their workplace? Are they likely to be in a physical or emotional state to perform their duties even if they are available?

Consider your supply chain. Who will you get stock from? How is it going to be delivered to you? How are you going to pay for it and what are the new stock levels you might require, particularly as regular trade may be disrupted and therefore reduced? On a positive note, some businesses — food outlets, hardware stores, building services, accommodation places — may do exceptionally well in post-disaster environments because of the lack of competition and a high need for those products and services.

Finally, consider what will be required in the rebuilding phase, particularly if premises are damaged and/or destroyed. Often a disaster presents an opportunity to redesign the work premises so that it can be more efficient and effective and better suited to your developing needs.

### **Manmade disasters**

Individual types of manmade events will obviously have different impacts, but common elements to be considered in planning recovery contingencies include:

- the magnitude of the event and therefore the impact on your ability to return to normal in the shortest possible time
- the impact of the event — for example, sabotage of products on supermarket shelves might require

a total recall of a product range whereas the illness of a staff member in a food outlet may require only a short-term shutdown and cleaning of bench surfaces before continuing with normal trading

- the interference factor caused by police and/or other authorities being involved in the investigation of the event
- delays in repairs and/or replacement of damaged premises, stock and/or equipment

Points to consider will vary according to the type of disaster, e.g.

*Fire* — extent of property damage, time involved in investigation, time required for repairs and/or relocation, and for processing of insurance claims

*Burglary/robbery* — emotional and/or psychological trauma caused to staff, time involved in the investigation of the event, restoration of any damage caused during the event, time for processing insurance claims, loss of time in the future owing to appearances at court cases

*Sabotage/vandalism* — of equipment and/or products will mean replacement and/or repair of anything damaged and possibly a recall of product where sabotage includes a threat to community health. In the case of sabotage of data, restoration may be as simple as going to a

backup file, so the impact could be low. However, if data corruption is done by way of a software virus that destroys data, then the time required for recovery is much longer and the potential loss and disruption to the business are much more severe.

### **Accident/illness**

The first contingency factor to consider is the length of disruption that may be caused to the business. Most businesses can cover temporary or short-term illnesses/accidents with existing personnel or through hiring temporary staff. In more severe cases of accident and longer term recovery periods for illness, business owners may have to consider staff replacements or engagement of external resources for extended contractual periods.

Determine your own situation by considering what would happen if somebody were away for two weeks, one month, three months, six months and then for a longer period. In this way you will gain more clarity about whom you would find to replace an injured or ill staff member and what your ongoing requirements are likely to be for your contingency planning.

The second element to consider is how you can prepare people for stepping up into another person's shoes so that the natural flow of work continues.

The simplest way for achieving business continuity in the absence of a key employee is to cross train your staff so that each person understands the role of each other person and has the ability to stand in when necessary.

Another way is to ensure that policies and procedures are written for your business so that temporary staff or new incumbents have a reference point for what is required and how your processes work.

### **Key step 5 — Communicate the plan to all the people it refers to**

This fifth stage of your disaster planning is all about ensuring that all people within your business sphere (staff, suppliers, contractors, service providers) are made aware of the strategies you have put in place to either mitigate or recover from a disaster situation.

From a planning perspective it is important to consider your communication strategies and make decisions about whether the physical communication will be done by phone, email, text or other means. Once these decisions are made procedural statements can be created and relevant people can be informed.

The next part of the communication strategy is to train people in that strategy and to then ensure everybody practises what has to be done so that if a disaster occurs the process can take over and guide the people.

## Preparation

In the previous section we discussed the many elements of planning and provided a number of ideas and examples of what your individual plans should contain.

In this section we will take your planning to the next level by first looking at the preparation activities you will need to do to ensure your planning processes can be enacted should they be required and, secondly, by providing tools and checklists to help with ensuring your processes are structured appropriately.

Much of the preparation of tools and techniques provided will seem like common sense, but experience shows that simple common sense tools are often overlooked.

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When assisting business after the floods Anthony noticed how many clients automatically put their new computers on the floor (the usual place) rather than on a bench or table so that they were above the waterline in case of any future flood. Similarly, many electrical contractors who were replacing power points didn't think about raising these to higher levels until the safety benefits of doing so were pointed out.

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Obviously preparation will vary depending on the type of disaster you're planning to mitigate. This section will concentrate on the generic items. Specific items relevant to our three disaster types will be discussed in Part 4, 'Developing disaster recovery plans'.

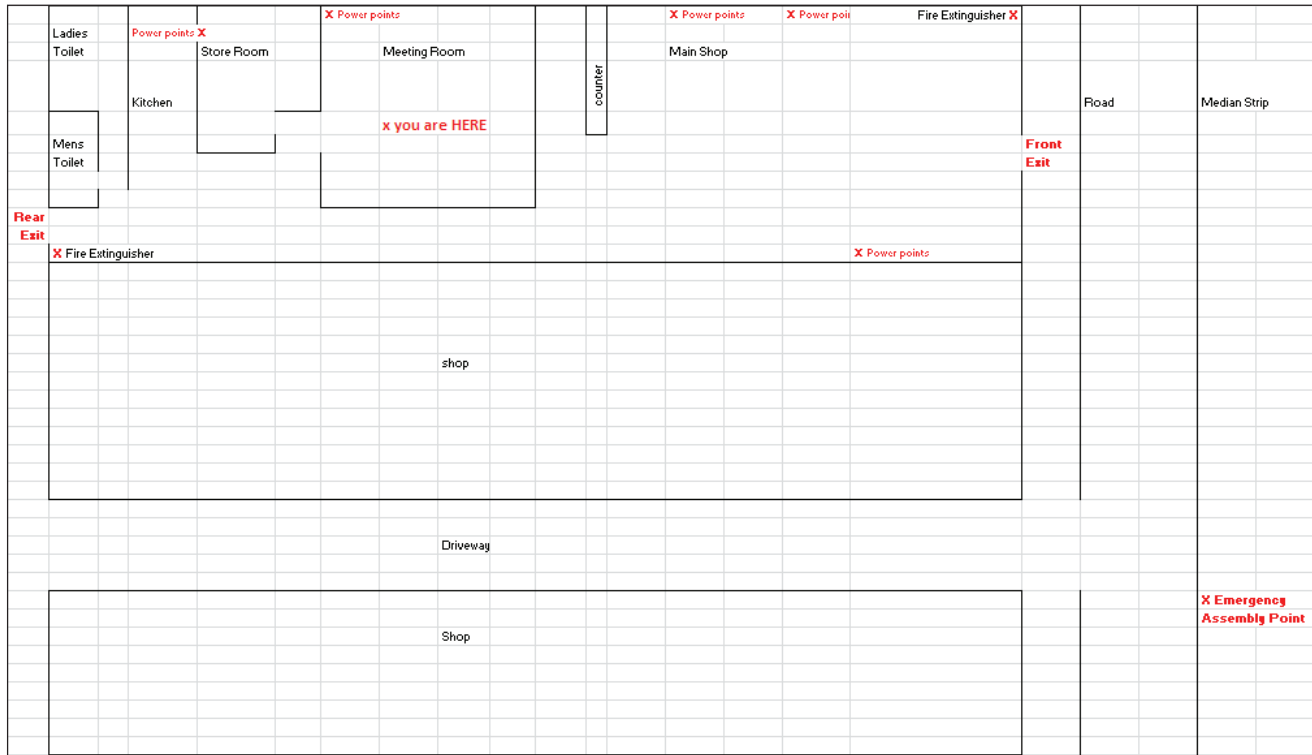
For ease of reading we will once again break our recommendations and suggestions regarding your generic preparation topics into the same six core categories used previously — people, processes, premises, providers, profile and performance.

- **People** — In the planning section we mentioned many things to be considered including the potential unavailability of your staff. We also listed a number of other items to consider.
  - Create your leadership plan, i.e. who has responsibility to do what in case of an emergency, including directions about who is the next in line to take over each role should the main person be unable or unavailable to perform those duties
  - Develop contact registers for staff and suppliers and a register of emergency contacts (see examples in the Resources section).
  - Create your training procedures in case of emergency, and practise them — e.g. fire drill — and ensure the drills are repeated on a regular basis, especially when new staff are

engaged so that they are properly briefed as part of their induction. Emergency drills should include training staff in the appropriate use of fire-fighting and or other emergency response equipment you have installed.

- Create maps showing 'emergency assembly points' along with instructions about what to do to assist 'other people' (tradespeople, customers and/or visitors) who might be at your premises during a disaster in order to tell them where they have to go during an emergency for their safety and wellbeing (see example below).

## Evacuation Plan



- Speak with your insurance broker about insuring key people in your business against their potential temporary and/or permanent loss, and purchase policies that you consider necessary.
- **Processes** — As mentioned previously you have to consider the many processes within your business and determine how to get these back to normal in the shortest possible time. Some solutions are simpler than others.
  - Data can be backed up and stored in several ways, including separate hard drives (fixed or portable) and ‘cloud’-based storage such as DropBox and iCloud. However data should not be your sole consideration. We strongly recommend that you use one of the full-system backup options now available in which all your software and operating systems are backed up as well as your data, in both local and remote locations. The benefit of this style of backup is that it allows you to recreate your whole system within minutes and hours rather than days or weeks.
  - Small businesses in tourism, particularly accommodations and events, will need to create and publicise cancellation, refund, postponement and/or relocation policies (including any

reciprocal arrangements with ‘competitors’ in your local area) in the event of your premises becoming unavailable through a disaster. *Crisis Essentials* prepared by Tourism Victoria is a useful guide containing tips relevant to tourism businesses (see [www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/crisis\\_essentials.pdf](http://www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/crisis_essentials.pdf)).

- Create and implement a regular maintenance program for testing fire-fighting equipment, pumps, security systems, first-aid kits, safety equipment and battery-operated equipment.

In our post-disaster work we found a number of businesses where equipment for emergency use had been purchased but no one had ever thought about checking, testing or maintaining it to keep it in good working order.

- Create emergency kits that include torches, a battery-powered radio (with extra batteries) for news updates, a first-aid kit, bottled water, non-perishable food (along with a can opener), basic cutlery and crockery and perhaps cooking utensils, a butane stove and even protective clothing. These kits should be designed to suit

a disaster or disasters that your business is most likely to suffer as demonstrated by your risk severity matrix.

- Create a 'business emergency go bag' that includes a mobile phone preloaded with emergency and staff contact numbers; floor plans of your business premises; spare business keys; a laptop computer with charger; a portable hard drive or flash drive with your latest data backup and critical documents such as insurance policies, business registrations and bank documents loaded onto it; your disaster response plan and some basic office supplies including ethernet cables in case wireless internet access is unavailable and perhaps a prepaid mobile broadband device, e.g. a Telstra dongle.
- Create a 'critical functions' checklist with the object of identifying all the resources and personnel required for restoring or reproducing each individual function of the business during the disaster recovery phase.

[www.preparemybusiness.org](http://www.preparemybusiness.org) is a US collaboration that has several useful templates on this and other topics relating to disaster planning and recovery, several of which are reproduced with permission in the Resources section at the back of this book.

- Create and maintain an 'emergency messaging' section on your company website that is available as a read-only file but accessible with a login and/or via phone/SMS so that employees, contractors and key suppliers can be kept up to date with your circumstances and recovery progress. The benefit of this is that it can be updated/managed offsite and can be initiated from any computer as can bulk emails/SMS through free software programs like MailChimp.

- **Premises** — Preparation of your premises for the possibility of a disaster includes all the measures you can take to reduce potential risk both externally and internally.

#### *External*

- Ensure that the environment is kept clear of flammable materials and obstructions to swift evacuation.
- Ensure that there are adequate and properly maintained fire extinguishers, hoses and water-supply points at key areas such as loading docks, waste storage spaces and hazardous chemical areas.
- Install external sprinkler systems (non-plastic because plastic can melt from radiant heat) if



your business is in a bushfire danger area and, possibly, build a levy around your property if it is in a flood-prone area. If pumps are required we recommend that you use diesel or petrol pumps because they will not be affected by loss of power as electric pumps can be.

- Where possible, create bulk storage zones for hazardous and/or flammable goods (away from main buildings where staff work) to minimise the risk of contaminant damage that can be caused by these items.
- Install appropriate security protection devices (e.g. gates, locks, warning systems, monitoring systems) to ensure safety for your staff and as a deterrent to potential intruders/robbers, and to record intrusions should they occur.

#### *Internal*

- Install internal security and warning systems as appropriate to your business, e.g. smoke detectors, fire/emergency alarm sirens, mirrors to see around blind corners, glass panels in doors, safety screens to keep staff separate from customers, door locks requiring passcodes or swipe cards
- Create safe or safer spaces for staff to work, navigate your premises and evacuate if under

threat. As mentioned in the People section above, create and display evacuation plan maps around your workplace, particularly areas most used by staff or in enclosed areas.

- Install fire-fighting equipment and emergency lighting in locations and of types recommended by fire protection and safety professionals to be most suitable to the particular requirements of your business.
- Ensure that clear escape accesses are maintained at all times, that staff are trained in evacuation procedures, that waste and other potential hazards are cleared regularly and that computers, paperwork and stock are stored off the ground in flood-prone areas.

- **Providers** — Prepare for the possibility that your suppliers might be hit by a disaster which will cause a different disaster for you — lack of supply.

Orchardists and wineries were badly affected by the Black Saturday fires. Crop farmers and dairy farmers were affected by floods. Any businesses reliant on these suppliers' products had to look new suppliers very quickly.

- Make sure you have an up-to-date contact register for your suppliers. A possible format is illustrated in the Resources section.
  - Where might you access replacement stock should stock at your business be stolen or damaged? Your usual suppliers may be able to help provided they have plenty of stock on hand, and provided your accounts are up to date and the value of a loss is covered by your insurances.
  - What are your options if services that you rely on — e.g. cleaning, garbage, bookkeeping, maintenance etc. — suddenly become unavailable? Where will you source alternatives? Do you have a register of people who have approached you for work that you can contact quickly in order to get back on track?
  - What would happen if water were contaminated, and/or telephone, electricity, gas or other essential services were interrupted for prolonged periods? What alternatives do you have? For example, do you have alternative power sources such as generators?
- **Profile** — Give some thought to preparing a communication strategy that will respond to the impact a disaster might have on your public profile.
    - Create a notification strategy that may include press release templates, a list of organisations to be notified of your situation following a disaster and the appointment of one person to speak to the public and the media should the brand and reputation of your business be affected by a disaster, e.g. an event that creates a public health hazard.
    - As stated earlier prolonged closure can adversely affect your brand so it is important to establish relationships with businesses that may be able to provide alternative premises from which you could operate. It is also important to create a notification plan that includes updating your website and notifying everyone who needs to know of changes (staff, customers, suppliers) in the shortest possible time.
    - Create a public relations plan that includes an authorised spokesperson who can respond quickly to any adverse or incorrect media reporting should it occur.

In our experience a fast response to negative media can make a significant difference. After Black Saturday there were reports in the media that it was dangerous to go to Healesville and that there were road-closure warning signs on the main highway leading into the town. In fact the closures were several kilometres past the town. The mistake contributed to traders suffering a loss of up to 30 per cent of normal trade for almost six weeks when in fact the township was fully functional and under no immediate threat.

- **Performance** – Whilst the ability of your business to perform in a post-disaster environment would vary depending on the severity of the actual event your business might face, there are some key things to consider.
  - The speed with which you can reopen after a disaster is important, along with the ways in which you adapt to the changed circumstances you find yourself in. For example, in many post-disaster situations there are excesses of donated goods – clothing and household items – that can and do drastically reduce the financial viability of local traders and service providers. It is your ability to ‘spot the gaps’ and adapt

your business in order to provide any missing products/services that will leave an indelible mark on your community and assist with securing long-term trade for your business.

Peter has a men’s wear store in flood-affected Victoria but he could not sell underwear or hosiery for two years after the floods because of the quantity of socks and underwear given away to his customers by well-meaning companies, so he has set up an embroidery business to put corporate logos on school and business uniforms and is rejuvenating his business through this initiative.

- It is important to create training and procedures around how to communicate with your customers, suppliers and service providers about the impact of the disaster and about your plans for getting back to normal particularly in relation to those to whom you may owe money. They are more likely to be supportive of your situation if you keep them well informed. It is also important to create a strategy for answering questions from the many ‘sightseers’ who go to disaster areas to look at the damage and ‘offer assistance’ to the locals. Sadly, many of these people

don't appreciate the inappropriateness of their questions and the impact this has on those who have been through the event.

It was both amazing and distressing for us to have disaster survivors report that they were asked such questions as 'Did you know anyone who died?' or 'Did you lose your house?' The pain we saw in the eyes of those reporting these questions was palpable. Smart business owners put signs in place that provided simple directions as to where visitors could access information about the effects of the disaster on local people so that staff did not have to be subjected to such insensitivities.

As we have repeated several times, preparation for a possible disaster, and its aftermath, may be seen by some as a waste of time and unnecessary. Our response to this point of view is that all the emergency services the community relies on in times of need spend hours and hours planning, training and practising for disasters because they know that proper preparation saves time and lives and makes emergency services' response easier and the recovery processes faster for everyone involved.

If the essential emergency services know that preparation works for them, why would any small-business owners believe that preparation is unnecessary for them!!!

***You will never know your response to a disaster/crisis until you experience one.***

## Response

The response phase occurs at the time of the disaster and immediately after the crisis happens. This is when you need to respond quickly and effectively — a quick response helps limit the loss of life and/or property. This is when your response plan guides the actions you need to take quickly. An emergency can have negative financial, legal, political, or governmental repercussions on yourself, your family and your business, particularly if the crisis is not dealt with in a prompt and effective manner. If you have no plan then an effective response will probably be delayed and you may leave yourself open to all the kinds of repercussions mentioned above.

Although disasters are often unpredictable, they are not always unexpected, particularly in areas prone to bushfires, cyclones, earthquakes and/or floods. Most people residing in disaster-prone areas are aware of the possibility of a natural disaster in their area.

Charleville in Queensland is a flood-prone area with both a river and gully running through the township. The township flooded four times between 1997 and 2012. The Charleville Municipal Council and local business now have a response plan in place. Every year on 30 November Charleville has a community emergency response/drill day. Members of the council believe this annual preparation has contributed to Charleville being able to recover more effectively and efficiently during the last two floods.

### ***Practising your response plan could be very beneficial to you and your business.***

Most people have some understanding of the impact of natural disaster — there have been so many in recent years. It is difficult to imagine, however, that you might be involved in a terrorist act or sabotage, though being burgled may not be such a remote possibility. Having a major accident or being diagnosed with a life-threatening illness always seems unlikely, though everyone recognises that it is possible.

Regardless of which type of disaster may occur, you must be able to respond quickly and effectively by putting your disaster response plan into action.

Developing your response plan must include educating your staff about the different types of emergencies that may occur and training them to respond. Your response procedures will include relevant evacuation procedures and safe places. Should a disaster occur, you will be ready to put your plan into action.

Just like a woman going to hospital to have a baby, you should have a pack prepared that will contain not only a copy of your response plan but list of current medications and personal items that you're likely to need.

Anthony lives in a bushfire-prone area. He calls his response pack his GO pack and it includes eye protection, air-purifying breathing masks, tools (small axe, hammer, knife), toiletries, spare clothes (including socks and underwear), first-aid kit, torch, battery radio, woollen blankets, sleeping bags, identification documents, food/water for two days and a small tent. Whilst this may seem like overkill in a developed country like Australia, Anthony wishes to be prepared for the possibility that shelter and/or food may not be available for several days. As you have all seen on the news from many parts of the world, natural disasters can indeed result in no food, water or shelter for some days.

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**Remember, the first thing you must do is make sure that everyone is safe.**

The key staff member who is trained in first aid and is responsible for the first-aid kit will need to respond quickly, ensuring that all those involved, including any visitors and clients, are safe, and that any injuries are attended to. As soon as practicable a report must be made to police, then family and friends must be advised of the incident using the emergency contact information you have recorded for each staff member. If applicable, depending on the type of disaster, once everyone has

been attended to it is important that everyone register at any relief centre that has been established. Once all these steps have been attended to you can start assessing the damage and, if applicable, make the building safe. Once you have covered all of these steps it is time to put your communication plan into action, advising suppliers and clients of the incident.

### Natural disaster

In the case of a natural disaster, response generally involves, flight, refuge, reporting and registration.

Flight	Refuge	Reporting	Registration
<p>Make your way to the designated assembly area.</p> <p>Use your planned escape routes.</p> <p>Take your emergency pack with you.</p>	<p>Take haven in your designated safe place.</p> <p>Ensure that staff and clients are cared for to the best of your ability.</p>	<p>Check in with emergency authorities/police.</p> <p>Check in with family, friends and colleagues – let them know where you are and how you can be contacted.</p>	<p>Register at a relief centre.</p> <p>Fill in required forms and grant applications.</p>

### Flight

How you get away from a business facing impending disaster is very important. We have lost count of the number of times people have told us that they were

In the table below we have set out some logical steps that we feel provide an appropriate response to our three categories of disaster – natural, manmade and accident/ Illness. Please take some time to reflect on these so that you will be in a position to respond quickly and effectively should disaster ever come upon you.

unable to enact their flight plan and they did not have an alternative plan in place.

A hospitality venue in the hills near Melbourne had planned an escape route should they ever need it but on the day of the fires the road they had chosen was blocked. There was a function planned on the day of the fires and staff had to advise customers, most of whom were from Melbourne and did not know the area, of other routes, which caused all sorts of confusion. Venue staff had planned to stay and defend the property. They had a GO pack ready to cover a couple of days, and a safe haven for refuge. What they had not planned for was a wall of flames coming in three different directions. Fortunately for them all, the wind changed at the last minute. When their business reopened, they knew they had to have a back-up escape route in case their primary flight plan couldn't be put into action.

## Refuge

Most local governments have now established 'safe places' in bushfire-prone areas. If you don't know where yours is located contact your local council.

The majority of people in the 2009 bushfires at Marysville took refuge at the local oval but some people could not get there because of road closures, radiation of heat or the density of the smoke. One local family took refuge in the salmon ponds under a steel bridge, not knowing if other family members were safe. Another business operator had a shelter under their business providing a safe haven for many people and their pets.

Bear in mind though, that even if you know where your designated safe place is, it may not always be practical to get there, so have an alternative plan in place, and have your emergency pack ready to go. (A suggested list of what should be in a GO pack is included in the Resources section at the back of the book.)

As we both live in fire-prone areas, each summer we prepare. Anthony checks his GO pack and Sandra packs a case with all her necessary personal and medical requirements, plus spare batteries for radios, mobile phones and torches, and a full set of suitable clothing to wear during the fire.

**Remember, a disaster does not wait for anyone!**



## **Reporting**

Reporting in as soon as possible is very important. If you cannot make it to a relief centre to report in, let the police know you are safe — police and members of the State Emergency Service (in Victoria) are usually around somewhere. They will be able to notify your family members and friends. Don't forget to put your name up on the board at any relief centres you can get to. Many people check relief centre boards when trying to find someone.

## **Registration**

When a natural disaster strikes, relief centres are set up by the local municipal council. The services provided include safety/shelter/food and material aid (personal items, clothing and blankets). These centres are run by trained staff who are there to help you in whatever way they can. It is at these centres that you will find the relevant paperwork for applying for clean-up and restoration grants.

Financial assistance is an important part of emergency recovery. Financial pressures in the aftermath of an emergency can cause stress and uncertainty. There is usually a variety of financial assistance available from government and other organisations.

## **Manmade disaster**

The appropriate responses to a manmade disaster are evacuation, safety procedures, reporting and registration (if applicable).

When an emergency of this type occurs, the first priority is always personal safety. The second priority is the stabilisation of the incident by the authorities who respond to the emergency.

Evacuation	Safety procedures	Reporting	Registration
<p>Check primary and secondary evacuation routes and emergency exits. Staff advise visitors of the emergency and direct them to emergency exits and evacuation routes.</p>	<p>Go to designated assembly areas. Check for injury and apply appropriate first aid if required. Ensure that the situation is stabilised.</p>	<p>Report to police and the owner/manager if not present at the time. Check in with family/friends/colleagues so they know where you are and what's going on.</p>	<p>Register at emergency assembly points/relief centres if applicable, e.g. in the case of terrorist attack.</p>

### Evacuation

Your preparation for possible evacuation of your workplace should include signs, announcements and a 'communication tree' to all employees and visitors in the building in case there is no power for announcements. Any signs should use pictographic images as well as text.

Charleville has a large Vietnamese population. Very few listen to the local radio or can read English so they were unaware when flood threats were raised. Charleville Council together with the local Vietnamese policeman developed pictographic signs and ran workshops to educate their Vietnamese residents about impending floods.

Think about your staff and customer base and what actions you may need to put in place. Although the Charleville action was applicable to a natural disaster there is no reason why something similar could not be put in place for a manmade disaster.

### Safety procedures

Your designated assembly area/safe area may be a basement or interior rooms/or an external designated area. Quickly decide which 'safe' area is the safest in the present situation and direct staff and clients there.

Remember, an act of violence in the workplace can occur without warning. If gunfire is suspected, staff should hide and remain silent. Quietly alert staff to seek refuge in the safe area. Close, lock and barricade doors and windows. If escape to the safe area is not possible, people should hide under desks, away from any doors or windows.

## Reporting

Prompt reporting of the event to authorities is a must. Then family members should be contacted and informed of the situation, but only once people are safe and the area is secure.

## Registration

It is important that the names of all people involved in the disaster be recorded in the business's incident register. At the earliest opportunity everyone involved should be checked for injury, be it physical or psychological, and action can be taken. Contact details can be passed onto the relevant authorities if necessary. You will have delegated someone to undertake making the list of contact details, recording them appropriately and passing the details onto the authorities. Your disaster recovery plan should include:

- a complete staff list with contact details, and the name of the staff member whose job it is to pass that list to the appropriate authorities
- an immediate response checklist so that nothing is forgotten.

**Remember that at the time of a disaster no one thinks clearly.**

**It is always useful to have a prompt.**

## Accident/illness disaster

Often with an accident/illness, especially if you are the one affected, there may not be time to put your response plan in place (you may need to have a plan drawn up that someone else can initiate on your behalf), so the response here will probably be different from the response to natural and manmade disasters. When considering your response in this section you also need to take into account a workplace injury of an employee. What if the incident were life-threatening or fatal? Response here would generally involve the steps of advising key people of the situation, putting in place procedures previously planned, communicating with key people and informing a wider circle of contacts.

Advice	Procedures	Communication	Information
<p>Advise family</p> <p>Let your GP and specialist know that you are a small-business owner</p>	<p>Contact your power of attorney (POA)</p> <p>Delegate appropriate responsibilities to staff and/or family.</p> <p>Appoint senior staff or family member to be contact person</p>	<p>Put your customers and suppliers communication plan in place</p>	<p>Contact key people such as banks and financial institutions</p> <p>Inform relevant authorities, e.g. Australian Tax Office, insurance or superannuation companies (for income payments)</p> <p>Inform extended family and friends</p>

As part of your response plan you will have delegated authority to a nominated power of attorney (POA). Now is the time to put that authority in place. Remember, you selected this person because you trust them to make important decisions on your behalf in case you are not able to make important decisions yourself in relation to your business.

You will have backed your data up, so give your POA (and whoever else within your business or family that needs to have this information) access to the data. Your POA will have a copy of your critical information sheet (see example in the Resources section), the sheet that captures all the relevant information that will be required in your absence (e.g. bank account(s) details, insurance details, passwords etc.). Once your POA is in charge any relevant information can be passed on to the person who will be looking after your data and the person you have determined will manage your business whilst you are unable to.

One of Sandra's many roles is as a civil celebrant. When she is preparing a ceremony she always saves a copy of it onto a website where it can be accessed by a fellow celebrant in case Sandra has an accident or becomes ill and is unable to perform the ceremony. Part of her procedure is to inform at least two celebrants of the pending date, what the service is filed under, the venue and time for the ceremony and the contact details for the important people involved in the ceremony, one of whom is requested to have their mobile phone switched on and available prior to the ceremony. Sandra has also informed and trained her staff member (her husband!) so that the procedure can be activated. Imagine the situation for a wedding ceremony, for example, if something were to go wrong and Sandra did not have her response plan ready to go.

As your business may be a one- or two-person concern without human resources, communications or operations departments, or indeed any staff at all, it is vital to have all your processes fully documented so that in the event of an accident or sudden illness someone, either your POA or someone with business capability, can come in and keep your business operating until there is time to consider the all-important decision of 'What now'? Are you going to sell the business or are you going to hand it over to a caretaker or a successor?

Not communicating your own serious illness to staff would be risky. Your treatment might mean you were away from the business for a good deal of time. Staff should be kept fully informed so that they feel trusted to do their best in a changed situation. It is also important that clients and suppliers be informed as quickly as possible of the situation.

Other key people who will probably need to be informed are your bank manager, financial adviser, accountant, and insurance and superannuation providers. If they are informed they can consider suspending mortgage payments during your treatment or until you have recovered from your accident.

## **In conclusion**

It is important to look at and take into consideration all of the above areas when responding to a disaster. You also need to consider staff training/awareness. It is no good all this information being in your head. You are going to need assistance from your staff at the time and it is much better if they have prior understanding of what your response plan is and what the roles and responsibilities of staff members will be. It is a good idea to run through a mock session on at least a yearly basis and update your response plan at the same time. Contact lists will need to be updated more regularly.

It is a good idea to have a checklist prepared so that on the day that a disaster occurs, when you are not thinking clearly — and we can assure you that you won't be! — you have a guide as to what you should be checking, e.g. Is everyone accounted for? Has anyone been injured? Have you identified the damage? etc. Several helpful checklists can be found in the Resources section at the back of this book.

## Recovery

Small business generally faces the toughest road to recovery after a disaster, whether it is a natural disaster such as bushfires and floods or one of the accident categories such as life-threatening illness. The small-business owner often doesn't have access to the resources that large business and corporations have, such as capital and people.

According to the Red Cross, over 40 per cent of small businesses hit by disaster do not reopen after the emergency (see [www.redcross.org/images/MEDIA\\_CustomProductCatalog/m4240206\\_PrepYourBusfortheUnthinkable.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m4240206_PrepYourBusfortheUnthinkable.pdf)).

As many small-business owners can attest the road is long and it can be very bumpy. However, the journey can be made easier by putting in place your business recovery plan.

As well as their own on-the-ground experience, Anthony and Sandra have found other sources of assistance for businesses recovering from disaster. CPA Australia, a global accounting membership body that provides financial management, accounting and business courses for strategic business leaders, has prepared invaluable information on business recovery. Tourism Victoria also has good resources. Sandra worked particularly closely with the CPA Victorian State Manager and Business Policy Adviser in the developmental stages of the Business Illness Management Project and also during the 2009 bushfires. She also has a close working relationship with staff members from Tourism Victoria.

### The recovery process

Once you have completed all the necessary steps in the response phase of your disaster plan you can start concentrating on preparing for the recovery phase. There are things you will need to do. For example, you may need to find somewhere to live if your home has been damaged or destroyed; you will need to reconnect with family, friends and colleagues; and you must keep

your staff fully informed. Other aspects you will need to consider in your recovery process will include dealing with change, decision making (re-establishing or exiting from your business), assessing your financial position, and rebuilding either your house and business or in some cases both.

One of the most important things you can do to assist with your recovery is to try and understand trauma and its impact not only on your business but also on you personally and on your fellow community members, your clients and your visitors.

Events such as fires, floods, accidents and illness – events that endanger life or property – often provoke strong emotional or physical reactions. Common reactions can be physical, cognitive and emotional. Sometimes these reactions last for days but it could be for longer – months or even years. These reactions can be disabling and can affect a person's relationships and work. Such reactions may be signs of post-traumatic stress disorder which can become chronic or even become a way of life if professional help is not sought. Because of the complexity of the psychological recovery from a disaster we have devoted Part 1 of this book to 'The intellectual and psychological impact of disaster'.

When your livelihood is disrupted or taken away the impact can be devastating. If the emotional impact is neglected or misunderstood it can cause insurmountable

grief, which is quite often not understood by others, particularly those who have never owned or operated a business. We have seen this on numerous occasions. When confronted with a disaster you will find the stress of the pressure you are put under can become all-consuming.

## **Communication**

Effective communication can be crucial to your recovery from disaster. It is important to initiate your communication plan as soon as possible after the disaster.

First, pull together your staff, and ensure that they are all aware of their roles and functions in the recovery process. Assign someone to back up the key roles in case the first-named staff member is unable to carry out the function. Communicate with all staff regularly, keep the lines of communication open and be sure to continually reassure employees. Involve your staff as much as you can. Regular communication is vital; people need to feel they are contributing and part of a team. Remember that your staff members are one of your biggest assets in recovering from a disaster. You will find that people are usually understanding and very generous with their time in trying to help you get your business back on track.

Watch for 'burnout'. This is something that Anthony and Sandra often found in their recovery work. Following a disaster people tend to take on too much, they eat poorly and they often have problems sleeping.

Here are some tips from Tourism Victoria.

- Make a thorough appraisal of the short-, medium- and long-term situation before making decisions about the future of your staff.
- Stay calm —staff members will be anxious.
- Listen carefully to staff advice and concerns.
- Keep everyone informed. Although you may be stressed about the impacts on your personal future and assets, continue to communicate with staff.
- Maintain normal procedures as much as possible.
- Take charge of each emerging situation — show leadership.

Once you have your staffing situation under control make sure you contact key people such as financial institutions, insurance companies, suppliers, and clients. By contacting your bank and suppliers you may be able to get assistance to help minimise the stress on your business, and yourself. Ask what arrangements can be made in the short term whilst you are assessing your

financial position. Discuss alternative solutions should you not be able to meet current commitments or make repayments. Advise your suppliers of your position and ask for an extension on any accounts that may be due.

If you are a tourism business make sure you keep informed and updated. The following are some key points and information provided by Tourism Victoria.

- If a disaster occurs in your region, your state tourism authority will work with the region's tourism organisations to establish a Tourism Response and Recovery Group. This group will be responsible for developing and co-ordinating a communications plan for the tourism industry, including working with the media. As far as practicable, the appointed spokesperson for the region should be the only person who communicates with the media on behalf of the tourism industry.
- Once the first announcements about the emergency incident have passed, over the next few weeks people who are planning to visit your business are likely to be anxious about whether you are open for business and what condition the local area is in. If you have a website that is a great way to update visitors on the local situation, perhaps with a newflash alert on the homepage so that it cannot be missed.



- Prepare scripts for your staff to help them respond to visitors' telephone or email inquiries in an upbeat and positive way, and to tactfully address any misinformation that they may have.
- Don't forget your regular clients and your suppliers. Make sure you contact them either by phone, email, mail or through placing notices in your local newspaper. It is important to keep them fully informed of what is happening.

***A well-executed disaster recovery plan, outlining crucial first steps, will help to ensure a speedy and effective recovery.***

### **Dealing with change**

While you would prefer everything to return to the same as it was before the disaster, unfortunately both you and your environment will be changed forever. You will need to contend with this change. You will no longer be the person you were nor will your business be the same because your staff, clients, community and markets will also be changed by their experience of the disaster.

To succeed after a disaster your mindset and your business must change to respond to the effects caused

by the disaster. This can be extremely difficult, particularly for those who have never been good at coping with change. You will need to be innovative, even with limited resources, and you will need to motivate and inspire staff and clients. To succeed, you must embrace change yourself, though that may be a tough call. On a positive note, however, there may be windows of opportunity opening for you and your business.

Remember that change can be the catalyst for opening up new opportunities. Discuss your business ideas with a business adviser/counsellor/mentor. They may help you explore potential new products, services and markets.

### **Now is the time for some decision making**

You are now about to embark on a journey where the destination can be uncertain and the road travelled may be bumpy, with many cross roads. You will need to make the decision as to which road you will or should take. Make sure that you think carefully through every alternative before making a decision.

Do not hesitate to ask for help. Remember that you are not operating under normal circumstances and your judgement could be clouded. It is imperative at this stage that you get someone to advocate on your behalf to help reduce the stress and fatigue you will encounter.

As your small business moves from disaster response to disaster recovery, you will be faced with many tough questions and forced to make some very important decisions, whilst at the same time trying to deal with your own trauma. This is when it is really helpful to call on your POA, the person you trust to act in your stead. Your POA will be invaluable in helping to make those important decisions for you. If you don't have a POA (but you should!) consider utilising one of the support and referral services available to give such assistance, e.g. in Victoria, the Small Business Mentoring Service or the Rural Financial Counselling Service. Both organisations provide free confidential services in the aftermath of a disaster.

Don't forget that if you don't have a POA but want someone to act on your behalf you will need to have a signed letter of authority for that person, particularly when it comes to financial and legal matters.

Now comes one of the biggest decisions that you, as a small-business owner, will need to make — whether you should reopen your business. This decision is huge so heed the advice to take your time rather than doing things hastily. The decision about reopening is not something we recommend you do on your own. Make sure you always enlist the appropriate guidance and support. Your local council or the on-site disaster support team can point you in the right direction. Gather all your information so that you can discuss your options. Once again, you

can ask the Small Business Mentoring Service or the Rural Financial Counselling Service (or similar services in other states/countries) to act as advocates on your behalf, advocating to government for grants, to creditors to ask them to wait, to staff to understand why you have decided to close the business — if you do. Remember, the decisions you make at this point concerning your business, if not thought through very carefully, could be detrimental to your future. Your decision could also have an impact on many other people, including the broader community, and could possibly affect others' livelihood as well.

### **Before making any decision, assess your financial position**

CPA Australia provides the following advice to small businesses affected by a disaster.

- *Take time to evaluate your financial position before making a decision to continue your business. There may be substantial outgoings before you can restart (and therefore you will need to know how you are going to pay for such outgoings if, in fact, you can afford them) or there may be a significant period before the business can start trading again (and therefore you must rely on existing sources of cash and other assistance until that time). Fully*

*understanding your financial situation and taking time to evaluate your position can assist you when making claims for insurance such as business interruption insurance.*

- *Your first step is to reconstruct your financial records [see in the Resources section at the back of this book]. You must determine the cash position of the business (cash at bank) including any cash inflows (from debtors that are recoverable, insurance payments, government assistance and other sources) and cash outflows (such as payments to suppliers, loan repayments and other payments). Basically, this exercise is trying to discover what the position of the business is without it trading.*
- *To establish your cash position you must attempt to reconstruct your debtors' journal (including amounts owed to you, the length of time that money has been owed and identifying which debts are recoverable or that you want to recover) and your creditors' journal (including the amounts you owe, the length of time you have owed those debts, the terms of trade for those suppliers and if any supplier has waived any amounts outstanding). Your insurer(s) should be able to assist you gain an understanding of the insurance payments you are likely to receive (and whether those payments will be in the form of cash and/or replacement asset) and when you are*

*likely to receive such assistance. If government is providing financial assistance in the form of grants or loans, government representatives will be able to provide you with an indication of the likely amount of such assistance and when you are likely to receive that assistance. [Remember that tax is payable on government grants and insurance payouts.]*

- *When you know what your current cash position is, you are in a better position to decide whether to reopen your business. Work out how much it may cost to restock, to purchase supplies and equipment (where such outgoings are not covered by insurance) and to cover other outgoings such as advertising. You can then investigate how you might finance the reopening of your business, for example, from existing cash resources, from your own personal resources, from investors or from debt finance.*
- *In order to decide on how to finance the reopening of your business, you should prepare forecasts to see whether you can afford your preferred financing method. Cash flow forecasts will help to demonstrate whether your business will be able to meet your obligations as they fall due, and the profit and loss forecasts indicate whether the business may be profitable into the future. It is important that the assumptions you use in the forecasts are*

*realistic. List the assumptions. It may be very difficult to make assumptions in a post-disaster environment – past experiences may no longer be relevant and your market may shrink, at least in the short term.*

*The forecasts will shed light on the future viability of your business. Lenders and potential investors will make their decisions on whether to lend or invest in your business on the future viability of your business.*

- *To reconstruct your financial accounts as quickly as possible after a disaster, you will need to contact all of the organisations that will have relevant information, e.g. the Australian Taxation Office, your bank, your customers and suppliers, and your insurers. CPA Australia has designed a checklist to assist in signposting potential sources of information to assist in the reconstruction of your accounts.*

Bear in mind that reopening/re-establishing your business can be a scary and daunting process, particularly if you have previously purchased an existing business that now requires rebuilding, and will therefore have to take into account current rules and regulations.

Following a disaster, it is anything but 'business as usual' for you, your staff and your clients. However, the faster you can return your business to some level of normal operations, the quicker you can restore your

income, jobs for your staff, and the goods and services you supply to your customers.

The time it takes for a business to return to something like normal operating levels depends on a number of key issues:

- overall damage assessment – can you trade from your existing premises and what stock, supplies, equipment and other key assets are recoverable and what is not recoverable?
- contacting your insurer to find out details of insurance money to be paid to you and when it is likely to be paid.
- sourcing any government assistance you can access
- communication with employees, customers and suppliers
- an assessment of the business's financial position
- developing a plan to reopen your business

More often than not when there is a disaster there is always a percentage of infrastructure that is either not damaged or the damage can be quickly restored and business operators can either start operating straight away or a short time afterwards.

This was the case with a few businesses across Victoria following the bushfires. However, be careful. What we found in many cases was, whilst in the short term business for many was steady (people came into the area to look at the devastation), it then started to drop off, creating financial instability. Whilst the clean-up and restoration was in place the accommodation and hospitality businesses had a lot of patronage from the tradespeople but as things started to get back on track and the tradespeople moved on business dropped off. We found that very few businesses had planned for that eventuality.

Fatigue can often be a stumbling block. Fatigue does dreadful things to the brain — you may experience memory loss or simply when you try to read any type of documentation the printing will just become a blur. Rather than putting yourself under added pressure find someone who understands business to assist you through the process.

Our experience has been that the fatigue created by the effects of the disaster coupled with the inability to get staff, and the added workload, soon took its toll on those trying to re-establish. Many people ended up not eating sustainable meals (they were either too busy or just couldn't be bothered) whilst others were self-medicating (using alcohol as a way of helping dull the memories and pain in an effort to move forward).

To add to this, if you are one of those who bought into an existing business you may find yourself in a position where you need to start from scratch, with little or no understanding of a business start-up.

In our recovery work we found people whose business premises had been destroyed and they needed to rebuild. They found themselves subject to all sorts of rules and regulations for new commercial premises — health and safety rules, disability provisions etc. — that really amounted to having to start a new business.

Although you may be a competent business operator, if you have never been through the process of starting up a business from scratch this exercise can be quite daunting and can contribute to added stress levels if you decide to do it alone. Many businesses starting up can take as long as five years before they begin to make a profit.

A really good tool that can help you in this process is the CPA Australia *Checklist for reopening your business after a disaster* (see [www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/Checklist-re-opening-your-business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/Checklist-re-opening-your-business.pdf)).

There are services, both government and nongovernment, available to assist with all aspects of your business including 'business start-ups'. Make sure you enlist someone to help you or find out where there is a workshop being held and go along.

## **Exiting your business**

Some small-business people affected by a disaster will make the decision to wind up their businesses. Some will seek to reopen but when they go through the processes described above they will decide that they would rather wind up their business. Some will go through reopening their business but will decide in a relatively short time to wind it up. CPA Australia explains that the reasons why businesses are wound up are many — a disaster may just bring some of those reasons to the fore.

CPA Australia suggests a number of factors to take into account.

*Have you considered that your business may fail if you restart it? Failure could occur for a number of reasons:*

- *having insufficient funds to recommence operations, or if you do recommence, having insufficient funds to continue operating*
- *carrying too much debt that you are unable to service*
- *having inadequate cash flow*
- *having a limited range of products or services or the wrong range of products and services (slow moving and/or low margin)*
- *finding that your former customers/clients are no longer coming to you, perhaps because your location is no longer as favourable in a reconstructed business district*
- *lack of planning for the reconstruction and an inability to adapt to the new environment*
- *poor credit controls and inadequate debt collection*
- *ill-health of the owners and key employees*

*Have you considered the consequences of business failure, including trading while insolvent?*

- *Under Australian law, insolvent trading is defined as 'not being able to pay debts as and when they fall due'. It is a very simple formula. Once you are*

*concerned that you may not be able to pay, then action must be taken.*

- *Insolvent trading is an extremely serious issue for both business and the business owners.*
- *If a company continues to trade while it is insolvent, the consequences can be devastating for the directors.*

There are several ways in which a business owner can exit their business, including:

- selling the business
- passing the business on to a family member, partner, employee or other stakeholder
- merging the business with another business
- closing down the business — selling the assets and ceasing to trade
- liquidation — liquidating the business and selling the assets
- forced closure — filing for bankruptcy

If you find it difficult to raise finance to meet the planned reconstruction of your business, you will have to consider either exiting your business or modifying your plans for reopening and incorporating these changes into your business plan. (A business plan template from the Small Business Mentoring Service is included in the Resources section at the back of this book to assist with this process.)

If you decide to exit your business don't leave it until it's too late. Ask for help!

Anthony and Sandra have found many small-business owners who did not ask for help. Yes, asking for help is not easy but we strongly urge you to use the services of the support and referral agencies. It's hard to think straight in the aftermath of a disaster. Sandra has been there, so she knows first-hand how hard it is to make the decision. Several businesses we worked with tried to hang on. They tried everything they could — reducing staff or cutting back on stock, but this just led to lack of service so customers started to drop off and the owners were left in desperate straits. When they finally decided to sell, the businesses, like the owners, were very tired and they could not command a very good price. In the end the owners took what they could just so that they could get away. Sometimes people just closed up shop and walked away. They just did not have the energy to be bothered. It was all too hard.

If you are considering exiting from business, further guidance can be found in the CPA Australia publication Guide to exiting your business at [www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB\\_D90C5248/cpa/guide\\_to\\_exiting\\_business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB_D90C5248/cpa/guide_to_exiting_business.pdf).

*Exiting your business can be quite painful emotionally — after all, for most small business operators their business is an integral part of who they are. Be sure to seek assistance from a psychological counsellor as well as a business support mentor/counsellor. Many people forced into exiting their business due to unforeseen circumstances and circumstances beyond their control go through the same sense of loss and grief as when someone close to them dies.*



There will be potential tax issues that emerge from a disaster. For example, tax is payable on government grants and insurance payouts. The Australian Taxation Office (ATO) can help individuals and businesses that have been affected by natural disasters (see [www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm](http://www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm)).

Assistance may include:

- fast-tracking of refunds
- extra time to pay debts
- more time to meet activity statement, income tax and other lodgement obligations
- support if you are suffering financial hardship as a result of the disaster

You may receive a Director's Notice from the ATO if taxes aren't paid. Not answering this notice could create dire consequences, however if addressed promptly it is likely that a settlement can be negotiated, so the message is to deal with such a notice if you get one rather than putting it off.

CPA Australia has identified some tax issues that may arise including lodgement and payment deferrals, reconstructing accounts for tax purposes, and treatment of insurance payments and grants.

## Insurance

Oh what a nightmare insurance can be! If there is one word of advice we can offer, make sure you get someone to advocate on your behalf. For some small-business people we have worked with the whole process of claiming on insurance turned into a nightmare that lasted for very long periods of time. Many did not receive the pay outs they thought they would; there was often fine print in the agreements that the business operator had not read.

Sandra assisted one small business that had taken out insurance in excess of \$800 000 but the company was refusing to pay because the policy was due just prior to the disaster and the insurer claimed not to have received payment. After many phone calls and a lot of tenacity on Sandra's behalf the situation was finally resolved – the cheque and paperwork were sitting on someone's desk! The business finally received full payment. There is no way they would have been able to deal with the situation without help, and would probably not have received payment.

## Marketing

It is important to start marketing as quickly as possible, but first you need to assess and review the impact of the disaster on your business. Tourism Victoria has some really good practical advice aimed specifically at tourism businesses, but even if you don't feel your business fits into that category there may be something you can draw on. Recovery from a disaster involves reviewing the effects the disaster has had on your business, your customers/clients, your staff and the community that you are part of. By referring to your own business recovery plan in conjunction with any of the Tourism Victoria check lists and information sheets and booklets you can:

- reassure customers, both personally and in other ways (website updates can be an effective 'rapid response' mechanism)
- revisit cancellations and postponements, i.e. contact clients and advise them that you are now open for business and encourage them to rebook
- demonstrate leadership to your staff to instil confidence in the future
- maintain your standards for customer service and care
- consider changes to products or service offerings
- seek counselling when necessary, and involve yourselves in the local community

Once you have done all the things mentioned in the list above you will need to make some decisions about marketing your business. How will you get customers to return? Do you need to discount prices? What advertising opportunities should you take up? To what extent do you need to advertise that your business has reopened and how broadly do you advertise?

Tourism Victoria has put together several resources that are worth reading, especially *Crisis Essentials – Crisis management for tourism businesses* and *Open for Business – A comprehensive guide to crisis management for tourism businesses*. These can be found on the Tourism Victoria website (see [www.tourismvictoria.vic.gov.au](http://www.tourismvictoria.vic.gov.au)).

Another really useful resource prepared by Consumer Affairs Victoria and Tourism Victoria is *Customers Who Want To Cancel – guidance for tourism businesses* (see [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)).

## Re-establishing/rebuilding

If premises are destroyed or partially destroyed much energy is required for re-establishment. Building rules and regulations are forever changing; energy ratings keep lifting; requirements for disability access become more stringent; the CFA now has new fire-sprinkling requirements for double-storey accommodation; BAL (bushfire attack levy) ratings; health regulations; increases

in the costs of building materials —the list goes on and on. Insurance payouts often don't come anywhere near covering these additional costs. If you have to rebuild as part of re-establishing your small business, it is really important to work closely with a mentor or financial counsellor to help you make your way through the requirements.

A word of warning when working with architects: make it very clear what your budget is and what your absolute upper limit must be.

One business we worked with was really keen to re-establish but needed to have their plans altered three times, and every alteration meant additional cost. In the end the costs overwhelmed the business so the owners gave up — sold the block of land and moved elsewhere.

If you are contemplating rebuilding, share the load! You and your architect must work closely with your local council's planning department. Too often people don't make contact with their council until they have spent a lot of money on planning and then they find that their plans do not meet the council's requirements.

We worked with one business operator and his architect for whom we set up a meeting with the local council's economic development, planning and building managers to discuss ideas. The council officers were involved right from the start and worked closely with the small-business owner, whose dreams were realised without too much heartache.

### **Grants and government subsidies**

Following a disaster governments usually make some level of grant available for clean-up and restoration but completing the necessary paperwork while suffering the after-effects of disaster can be a nightmare.

We have found that many people have difficulties, even with simple spelling. One lady told Sandra she had forgotten how to spell Wednesday. The lady burst into tears even when telling the story.

We would strongly recommend that you seek assistance to complete the relevant paperwork (from either the Small Business Mentoring Service or the Rural Financial Counselling Service if you are in Victoria).

Support people like these are briefed by government and have a full understanding of the criteria, support material required and lodgement process, which can save many hours of hard work and heartache for you. Forms that are filled out incorrectly have to be resubmitted, perhaps more than once, and every delay means grants take longer to come through. We have seen many examples of people's forms being 'knocked back' but when they worked with a mentor or financial counsellor and the paperwork was resubmitted they were successful.

### **Accident and illness**

Whilst some of the points we have made about recovery after a natural or manmade disaster can relate to recovering from an accident and illness disaster, there are some things that are different. In most cases of accident or illness a small-business operator will not be in a position for some time to make important business decisions, which is why it is so important to have appointed a Power of Attorney (POA), a person who has authority to act on your behalf. The very first step you should take when planning for an accident/illness disaster is to choose someone you can trust to help you through such a crisis and make that person your POA.

Let your general practitioner and any specialist(s) know that you are a small-business owner and the decisions

that you and they are making affect your livelihood and the livelihood of people who work for you. If your medical people know that you're concerned about your business they may be more helpful in timing any treatment you must have and in understanding your reactions.

Let's face it, if you have been diagnosed with a life-threatening illness or you have been involved in an accident, you've had a horrible shock. No matter how hard you try you're not going to be able to work as you have done in the past. Your concentration is not going to be as good, not only because of the shock of the news, but also because of the sense of grief and loss that you're going to feel and, for people undergoing treatment, the side-effects of that treatment. It's quite common for people in this situation to find that they can't think clearly at all.

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Sandra knows — it happened to her and many of her family and friends. It took Sandra just on five years to be able to get back to functioning at a level anything like she did before her cancer diagnosis. Even now, eight years later, she battles fatigue and the ongoing side-effects of her treatment.

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It is very important to be aware of your superannuation and insurance rights, especially disability benefits, which can be claimed when you stop work. WorkWelfareWills

(see [www.chronicillness.org.au/workwelfarewills/index.htm](http://www.chronicillness.org.au/workwelfarewills/index.htm)) is a plain English web guide to legal issues around health and life changes. It was produced for use in Victoria only, so some of the laws will be different in other states of Australia (see [www.chronicillness.org.au/workwelfarewills/disclaimer.htm](http://www.chronicillness.org.au/workwelfarewills/disclaimer.htm)).

When the crisis that is your accident or the diagnosis of your illness, and the appropriate treatment is over,

you must think about the future and how your small business fits into your future. Getting back to work can be a long slow process. Each person will have a different experience. Don't rush. Discuss returning to work with your doctors. Make sure you inform them fully about returning to work and about any fears or concerns you may have in this regard.

# 4

**Developing disaster  
recovery plans**

**A**s we have said before, planning, preparation, response and recovery are the four key elements that you must consider when you are developing your disaster recovery plan. Each of the three core disaster types — natural, manmade and accident/illness — has specific nuances that require different elements of response and therefore different planning solutions. For this reason we have created the following three sections of this book, each designed to provide you with reference points specifically relevant for developing disaster recovery plans for each of the three core types.

You will notice that each section includes many of the 'general' topics covered earlier in this book. This is intended to make your own planning somewhat easier. Nevertheless, it is impossible to cover every possible

event, outcome and/or potential response so we urge you strongly to do your own research as to what is appropriate for your business and make your own decisions about which of the following elements are relevant to your situation.

Each section contains a number of specific examples and refers to a range of tools and templates specifically customised to suit the requirements of the disaster category you are working with. These templates can be found either in the Resources section or via links specified in the Resources section at the back of this book.

We have created a base template to be used as the 'skeleton' for your specific disaster recovery plan but read through the sections after this template before attempting to begin your own plan.

# Disaster Recovery Plan Template

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### **1 Planning**

1.1 Risk analysis

1.2 Impact analysis

1.3 Risk minimisation

### **2 Preparation**

2.1 Insurances

2.2 Checklists

### **3 Key actions**



## 1 Planning

**This section will help you to work out what risk your business has of facing potential disasters and how you might eliminate or minimise those risks.**

### 1.1 Risk analysis

(Use the risk severity matrix, the risk prioritisation template and the risk assessment tool to help you. They are all in the Resources section at the back of the book.)

What are your main risks? What are the priorities of these individual risks? What would be the impact if any of these risks occurred? Who has responsibility for these areas of risk?

### 1.2 Impact analysis

Give a brief explanation as to what the impact of each identified risk would have on the following aspects of your business:

- *People*
- *Processes*
- *Premises*
- *Providers*
- *Profile*
- *Performance*

### 1.3 Risk minimisation

In this section revisit each of the risks identified and note the actions you can take to either eliminate or minimise them.

## 2 Preparation

**This section goes into the details that will make this plan a working document for you and ultimately a control document, the document that sets out what you must do to prepare for the risks and possible disasters you have identified.**

### 2.1 Insurances

List the details of insurance policies you have then work out what additional insurance you need.

### 2.2 Checklists

(Your checklists are your key tools in preparing yourself, your staff and your business generally for facing a possible disaster. Take time to create them carefully.

We've suggested places where you might find examples that will help you.)

- Data storage and computer backup
- Emergency contact lists (see the Resources section at the back of this book)
- Emergency 'Go packs' (see the Resources section at the back of this book and various examples throughout the text)
- Evacuation (see the Resources section at the back of this book)
- Create a schedule of ongoing maintenance for equipment (e.g. fire-fighting equipment; surveillance and other security equipment)
- Staff training plans and rosters to ensure staff are well practised at what to do in the event of a disaster occurring

### 3 Key actions

***If your business is hit by a disaster, this is the list you will need to use to ensure that your business recovers as quickly as possible.***

***You do this by preparing action plans to combat each of the risks you have identified.***

Use the six elements we have suggested: **people, processes, premises, providers, profile and performance**. The items should not be too detailed or else they become unworkable. The purpose of an action plan is to act as a checklist to make sure you have noted everything that has to be done, when it has to be done and who has to do it.

## For natural disasters

Common to natural disasters is the fact that humans have no control over when such a disaster might occur nor can they control the severity of its impact. Whilst there may be sufficient forewarning to activate a disaster plan, often such warning doesn't come and you must face the danger and do your best to survive.

### Planning

When considering planning for minimisation of the severity of natural disasters you must first consider the risks most likely to occur in your specific area and then develop a plan as to how you might respond if faced with this threat.

Our preferred tools to assist with this process are the risk severity matrix and the risk prioritisation template (see the Resources section).

If you are in a potential natural disaster zone (flood, bushfire, drought, earthquake, tsunami, tornado, hurricane/cyclone or volcano) ask yourself the following questions:

- When was the last event of this type?
- What is the normal cycle of events in your area and therefore what is the likelihood of a repeat event in the foreseeable future?

- If a natural disaster were to occur and affect your business what is the worst case scenario for your business? That worst case scenario is the one for which you develop your plan.

Using the six subgroups previously described, determine how your business might be affected if a natural disaster were to occur.

- **People** — possible death or injury to workers, possible isolation of workers (i.e. they are unable to attend work due to blocked/damaged access routes), workers may have to look after/assist injured or displaced family members, possible emotional issues caused by the disaster that make your people incapable of performing their normal work-related activities
- **Processes** — think about your normal business processes — paying bills, purchasing stock, running your computer systems, serving customers, working with outsourced services or contractors. Think also about legal/contractual obligations you may have entered into for the provision of goods and services to others and what might happen if you were in breach of those agreements.

- **Premises** — how protected/prepared are your premises for the potential of natural disasters? There is always the possibility that your premises could be damaged or destroyed (along with business assets such as equipment, fittings, furniture and stock) which would affect your ability to trade normally after the disaster and therefore derive an income. What is the likelihood of potential loss through looting and what might be done to prevent or minimise this?
- **Providers** — in some disaster situations it is not you that is impacted directly; it may be your suppliers who are prevented from supplying you with the raw materials, stock and/or services you require for the efficient running of your business.
- **Profile** — consider the impact of a disaster on your brand/business image and the result this may have on your reputation in the marketplace you serve.

Interestingly, in some cases the profiles of specific businesses and locations are heightened in the aftermath of a natural disaster as was the case for some businesses in places like Kinglake, Marysville, Charlton, Rochester in Victoria (bushfires and floods) and many parts of Queensland (floods) because of an influx of media interest and consequent demand for services, although such publicity may not be welcomed by local people affected by the disaster.

- **Performance** — do you know the key performance indicators (KPIs) or benchmarks for your business as it is at present? Do you have contractual supply/ service arrangements that demand adherence to KPIs or benchmarks with non-performance penalties attached to them and if so, what would be the impact on you and your business if disruption to these arrangements occurred?

In addition to the points raised above, consider also the mitigation and/or minimisation options relative to each of these points.

Detailed below are some of the risk elimination and minimisation factors that are imperative for your disaster recovery planning from a natural disasters relative to our previous six subgroups.

- **People**

1. Consider the safety of your people and anyone else who may be at your premises at the time of a disaster. This may require the establishment of:
  - security and warning systems within your business
  - a 'leave early' policy stating what to do on 'Code Red' days (severe weather or fire risk alerts issued by governments in Australia) that will include whether staff should report to work on such days, whether you will open for business on such days and if not, policies around meeting client expectations
  - maps/directions to safe or safer areas within/ outside your business environment or to government-established 'safer zones' in your area (check with your local municipal authority, fire-fighting or disaster-response authorities for details of any such areas in and around your specific locality)
  - maps showing escape routes (several options) along with a checklist of what to take ('go' bag(s)) should flight be considered a realistic option
  - a 'leadership plan', i.e. who has responsibility to do what in case of an emergency and who is the next in line to take over that role should the main person be unable to perform those duties

- procedures for training/practice — the old 'fire drill' scenario which, despite people's protestations, has been shown to be effective in minimising panic and increasing survival where real emergency situations have occurred
2. Consider the potential unavailability of people because a natural disaster harms them, preventing their return to work and/or because of the level of trauma created by the disaster, preventing them from even returning to the area due to fears of a recurrence. You will need to find sources of people replacement (whether short- or long-term) to ensure that your business is able to continue. (While it may sound strange, a return to work often speeds up the recovery process because it gives a sense of purpose and belonging and adds to the feeling of community healing that take places when businesses reopen in a post-disaster environment — such reopenings are often seen as beacons of hope.)
  3. Consider the benefits of insuring against the loss of key people in your business. Whilst the actual individuals may not be able to return, funds from the insurance will assist with sourcing suitable replacements
  4. Think about how your people are likely to respond to a disaster affecting your business.

Part 1, 'The intellectual and psychological impact of disaster', provides some guides to 'normal' reactions and recovery times from trauma.

5. Remember that it is possible that 'other people' (tradespeople, customers and visitors) could be at your premises when a disaster occurs. Consider your responsibility to those people and how you should plan to take account of their safety and wellbeing.
  6. Establish a 'contact list' of support people — family, friends, experts in medical and emotional recovery — from whom you can seek help for people involved in your business should a disaster occur.
- **Processes** — Consider the many processes within your business and work out ways to return these to normal in the shortest possible time.
    - Data storage — Of all of the risks facing businesses this is probably the one where business owners generally make some attempts at minimising their risk of loss. Backing up data is probably the easiest process but it is also important to plan for the potential loss of both software and hardware and to make provision for their replacement. Ways to accomplish this include the use of tools like DropBox and other

cloud-based data storage facilities. Personally, we recommend the Shadow Protect system from Section Technologies in Melbourne.

- Staffing — After a disaster, regular staff may be unable to work their normal hours which can have a major impact on business continuity. Consider where you might be able to secure replacement staff and what organisations may be able to assist you with procuring these people if required.
  - Disaster recovery plans for small businesses involved in tourism, particularly accommodation and events, will need to include creating and publicising cancellation, refund, postponement and/or relocation policies (including any reciprocal arrangements with 'competitors' in your local area) in the event of premises becoming unavailable through a disaster. Tourism Victoria has some very comprehensive and user-friendly guides on these topics that are available from their website. (Links are provided in the Resources section of this book.)
- **Premises** — Consider everything relating to possible damage to your physical space and what must be done in order to get your business operational again in the shortest possible timeframes:

- safety of the business premises for reoccupation in the post-disaster environment
- ability to access business premises and/or time frames for access post disaster

Many businesses in towns directly affected by Black Saturday were closed and many other towns around Victoria were isolated by flood waters for several weeks after the disasters actually hit, as was the whole of the central business district of Christchurch after New Zealand's devastating earthquakes. In many cases business owners did not know for some time whether their businesses were still standing let alone operational.

- alternative sites from which to operate — perhaps sharing the premises of a friendly competitor, leasing of alternative premises or complete relocation of the business depending on the severity of damage and your ability to manage financially during the time required for repairing your existing location
- replacement of equipment essential for running your business — in many cases this is not a major issue particularly with electronic devices such as computers and phones being readily

available, but it could be an issue if you run a manufacturing, mechanical, agricultural or hospitality business where expensive machinery or tools and hoists are required or where commercial kitchens have to be reinstated.

- **Providers** — How would your business cope if your suppliers were affected by a disaster?

Many food outlets right away from the bushfire areas were unable to get supplies from berry farms and orchardists affected on Black Saturday — it can take up to five years for crops to become commercially viable again.

Other factors to be considered regarding providers include:

- Stock — Where might you access replacement stock should it be stolen or damaged? Your traditional suppliers might be able to help if they have plenty of stock on hand and provided your accounts are up to date or the loss is covered by your insurances.
- Services — What would be your options if services essential to your business — cleaning, garbage, bookkeeping, maintenance etc. — were suddenly unavailable? Where would you source

alternatives? Do you have a register of people who have approached you for work whom you could contact in order to get your business back on track as soon as possible?

- What would happen if water were contaminated and telephone, electricity, gas or other essential services were interrupted for prolonged periods? What alternatives would you have, e.g. alternative power sources such as generators?
- **Profile** – Consider the effects a disaster might have on your public profile.
  - Prolonged closure could adversely affect your brand through customers finding alternative sources of supply, meaning that your business might be forced to approach reopening as if it were a start-up business, a formidable experience for anyone who has been in business for many years
  - How would you communicate in a post-disaster environment and what would you say? How would you respond to media representatives looking for 'the inside scoop' and being both intrusive and frightening to people in a traumatised state?

- **Performance** – How well your business might perform in a post-disaster environment would depend on the severity of the actual disaster, the speed with which your business might recover and the openness of your communications with your customers, suppliers and service providers about the impact of the disaster and your plans for getting back to 'normal' – those to whom you might owe money would be more likely to be supportive of your situation if they were kept well-informed.
  - One of the most commonly used risk minimisation tools is insurance. Sadly, our experience shows that many small-business people fail to keep their insured values up to date with increases in property values and/or increased costs for replacement of goods lost, and find themselves under insured against the real value of a loss.
  - An insurance cover often not thought about, or neglected because of 'cost savings', is business interruption insurance.



After the bushfires and the floods many business owners were unable to return to their businesses or restart their businesses for several weeks. Had they been covered for business interruption they would have maintained average earnings for the insured period rather than having to draw on their own resources to fund ongoing rental and other regular business expenses.

- Other insurances imperative to financial continuity include public liability and income protection. Most important of all, however, is ensuring that your home and business insurances actually cover you for the disasters most likely to occur in the area where you live and/or work. This point is particularly important in areas with a history of natural disasters because many insurers had or now have included exclusions and/or altered the wording of policy documents to minimise their exposure to future risk.
- A simple but effective way of fast-tracking your insurance claims is to have and maintain an asset register that lists all of your insured items, preferably with photos (individually numbered) and serial numbers, and is stored safely in your data storage facility. This will help you remember

what has been lost and will give you a priority list of what needs to be replaced. An example of this is included in the Resources section of this book.

## Preparation

As we have said before much of what we have to say about preparing for the possibility of a natural disaster will seem like common sense but our experience shows that common sense is not always common, and we have some tools and techniques to offer that may be of assistance. If we can help even one small-business owner to be better prepared for a disaster, we will feel great satisfaction.

For ease of reading we will once again break our recommendations and suggestions regarding your generic preparation topics into the same six core categories used previously — people, processes, profile, premises, providers and performance.

- **People**

- Create your 'leadership plan', i.e. who has responsibility to do what in case of an emergency including directions about who is the next in line to take over each role should the main person be unable or unavailable to perform those duties.
- Develop a series of contact registers listing your staff, your suppliers and emergency contacts

relevant to your business using the templates shown in the Resources section.

- Create your training procedures in case of emergency, and practise them — e.g. fire drill — and ensure the drills are repeated on a regular basis, especially when new staff are engaged so that they are properly briefed as part of their induction. Emergency drills should include training staff in the appropriate use of fire-fighting and or other emergency response equipment you have installed.

On 26 September 2012, following major earthquakes in Christchurch in 2010 and 2011, more than one million New Zealanders took part in a nationwide earthquake drill. They were told to 'drop, cover and hold', i.e. people were asked to cover themselves and stay put, as if the earthquake were real. A Civil Defence and Emergency Management spokesman said people need to practise the actions. The idea is to give people an automatic response so that people don't try to run outside where they risk injuring themselves.

- Speak with your insurance broker about insuring key people in your business against their potential

temporary or permanent loss, and purchase policies that you consider necessary.

- Create maps showing 'emergency assembly points' along with instructions about what to do to assist 'other people' (tradespeople, customers and visitors) who might be at your premises during a disaster in order to tell them where they have to go during an emergency for their safety and wellbeing.

- **Processes** — Consider the many processes within your business and work out ways to return these to normal in the shortest possible time.

- Data storage — Data can be backed up and stored in several ways, including separate hard drives (fixed or portable) and 'cloud'-based storage such as DropBox or iCloud. However, data should not be your sole consideration. We strongly recommend that you use one of the full-system backup options now available in which all your software and operating systems are backed up as well as your data, in both local and remote locations. The benefit of this style of backup is that it allows you to recreate your whole system within minutes and hours rather than days or weeks.
- Disaster recovery plans for small businesses involved in tourism, particularly accommodation

and events, will need to include creating and publicising cancellation, refund, postponement and relocation policies (including any reciprocal arrangements with 'competitors' in your local area) in the event of premises becoming unavailable through a disaster. Tourism Victoria has some very comprehensive and user-friendly guides on these topics that are available from their website. (Links are provided in the Resources section of this book.)

- Create and implement a regular maintenance program for testing fire-fighting equipment, pumps, security systems, first-aid kits, safety equipment and battery-operated equipment.

In our post-disaster work we found a number of businesses where equipment for emergency use had been purchased but no one had ever thought about checking, testing or maintaining it to keep it in good working order.

- Create emergency kits that include torches, a battery-powered radio (with extra batteries) for news updates, a first-aid kit, bottled water, non-perishable food (along with a can opener), basic cutlery and crockery and perhaps cooking utensils, a butane stove and even protective clothing.

- Create a 'business emergency go bag' that includes a mobile phone preloaded with emergency and staff contact numbers; floor plans of your business premises; spare business keys; a laptop computer with charger; a portable hard drive or flash drive with your latest data backup and critical documents such as insurance policies, business registrations and bank documents loaded onto it; your disaster response plan and some basic office supplies including ethernet cables in case wireless internet access is unavailable and perhaps a prepaid mobile broadband tool (e.g. a Telstra dongle).
- Create a 'critical functions' checklist with the object of identifying all the resources and personnel required for restoring or reproducing each individual function of the business during the disaster recovery phase. **www.preparemybusiness.org** is a US collaboration that has several useful templates on this and other topics relating to disaster planning and recovery, several of which are reproduced with permission in the Resources section at the back of this book.
  - Create and maintain an 'emergency messaging' section on your company website that is available as a read-only file but accessible with a

login and/or via phone/SMS so that employees, contractors and key suppliers can be kept up to date with your circumstances and recovery progress. The benefit of this is that it can be updated/managed offsite and can be initiated from any computer as can bulk emails/SMS through free software programs like MailChimp.

- **Premises** — Preparation of your premises for the possibility of a disaster includes all the measures you can take to reduce potential risks both externally and internally.

#### **External**

- Ensure that the environment is kept clear of flammable materials and/or obstructions to swift evacuation.
- Ensure that there are adequate and properly maintained fire extinguishers, hoses and water-supply points at key areas such as loading docks, waste storage spaces and hazardous chemical areas.
- Install external sprinkler systems (non-plastic because plastic can melt from radiant heat) if your business is in a bushfire danger area and, possibly, build a levy around your property if it is in a flood-prone area. If pumps are required we recommend that you use diesel or petrol pumps

because they will not be affected by loss of power as electric pumps can be.

- Where possible, create bulk storage zones for hazardous and/or flammable goods (away from main buildings where staff work) to minimise the risk of contaminant damage that can be caused by these items.
- Install appropriate security protection devices (e.g. gates, locks, warning systems, monitoring systems) to ensure safety for your staff and as a deterrent to potential intruders/robbers, and to record intrusions should they occur.

#### **Internal**

- Install internal security and warning systems as appropriate to your business, e.g. smoke detectors, fire/emergency alarm sirens, glass panels in doors.
- Create safe or safer spaces for staff to work, navigate your premises and evacuate if under threat. As mentioned in the People section above, create and display evacuation plan maps around your workplace, particularly areas most used by staff or in enclosed areas.
- Install fire-fighting equipment and emergency lighting in locations and of types recommended by fire protection and safety professionals to be

most suitable to the particular requirements of your business.

- Ensure that clear escape accesses are maintained at all times, that staff are trained in evacuation procedures, that waste and other potential hazards are cleared regularly and that computers, paperwork and stock are stored off the ground in flood-prone areas.
- **Providers** — How would your business cope if it were your suppliers that were affected by a disaster rather than the impact being directly on your business?
  - Stock — Where might you access replacement stock to restart your business or to continue with new suppliers in the post-disaster situation? This may be especially relevant for food outlets after a natural disaster. Your traditional suppliers might be able to help if they have plenty of stock on hand and provided your accounts are up to date or the loss is covered by your insurances.
  - Services — What would be your options if services essential to your business — cleaning, garbage, bookkeeping, maintenance etc. — were suddenly unavailable? Where would you source alternatives? Do you have a register of people who have approached you for work whom you

could contact in order to get your business back on track as soon as possible?

- What alternative options could you put in place in your business to protect people from the effects of contaminated water, or the loss of telephone, electricity, gas or other essential services? Could you access alternative power sources such as petrol-driven generators, food handling equipment such as portable gas refrigerators and cooking stoves and sanitary services such as portable toilets and clean water brought in by tanker?
- **Profile** — Give some thought to preparing a communication strategy that will respond to the impact a disaster might have on your public profile.
  - Create a notification strategy that may include press release templates, a list of organisations to be notified of your situation following a disaster and the appointment of one person to speak to the public and the media should the brand and reputation of your business be affected by a disaster.
  - Create a public relations plan that includes an authorised spokesperson who can respond quickly to the media (should that be necessary) and who can act as a central point for

information dissemination for all stakeholders affected if your business were involved in a natural disaster.

- **Performance** — Whilst the ability of your business to perform in a post-disaster environment would vary depending on the severity of the actual event your business might face, there are some key things to consider.
  - The speed with which you could reopen after a disaster is important, along with the ways in which you could adapt to the changed circumstances you find yourself in.
  - It is important to create training and procedures around how to communicate with your customers, suppliers and service providers about the impact of the disaster and about your plans for getting back to normal, particularly in relation to those to whom you might owe money. They would be more likely to be supportive of your situation if they were kept well informed.
  - It is also important to create a strategy for answering questions from the many ‘sightseers’ who go to disaster areas to look at the damage and ‘offer assistance’ to the locals. Sadly, many of these people don’t appreciate the inappropriateness of their questions and the

impact this has on those who have been through the event.

It was both amazing and distressing for us to have disaster survivors report that they were asked such questions as ‘Did you know anyone who died?’ or ‘Did you lose your house?’ The pain we saw in the eyes of those reporting these questions was palpable. Smart business owners put signs in place that provided simple directions as to where visitors could access information about the effects of the disaster on local people so that staff did not have to be subjected to such insensitivities.

## Response

The response phase occurs at the time of the disaster and immediately after the crisis happens. This is when you need to respond quickly and effectively — a quick response helps limit the loss of life and/or property and possible negative financial, legal, political, or governmental repercussions on yourself, your family and your business.

Although natural disasters are often unpredictable, they are not always unexpected, particularly in areas prone to bushfires, cyclones, earthquakes and/or floods. Most people residing in disaster-prone areas are aware of the

possibility of a natural disaster in their area. Regardless of which type of natural disaster may occur, you must be able to respond quickly and effectively by putting your disaster response plan into action.

Developing your response plan must include educating your staff about the different types of emergencies that may occur and training them to respond. Your response procedures will include relevant evacuation procedures and safe places.

Remember, the first thing you must do is make sure that everyone is safe. The key staff member who is trained in first aid and is responsible for the first-aid kit will need to respond quickly, ensuring that all those

involved, including any visitors and clients, are safe, and that any injuries are attended to. As soon as practicable a report must be made to police, then family and friends must be advised of the incident using the emergency contact information you have recorded for each staff member. If applicable, depending on the type of disaster, once everyone has been attended to it is important that everyone register at any relief centre that has been established. Once all these steps have been attended to you can start assessing the damage and, if applicable, make the building safe. Once you have covered all of these steps it is time to put your communication plan into action, advising suppliers and clients of the incident.

In the table below we have set out some logical steps that we feel provide an appropriate response to a natural disaster

<b>Flight</b>	<b>Refuge</b>	<b>Reporting</b>	<b>Registration</b>
<p>Make your way to the designated assembly area.</p> <p>Use your planned escape routes.</p> <p>Take your emergency pack with you.</p>	<p>Take haven in your designated safe place.</p> <p>Ensure that staff and clients are cared for to the best of your ability.</p>	<p>Check in with emergency authorities/police.</p> <p>Check in with family, friends and colleagues — let them know where you are and how you can be contacted.</p>	<p>Register at a relief centre.</p> <p>Fill in required forms and grant applications.</p>

## Flight

How you get away from a business facing impending disaster is very important. We have lost count of the number of times people have told us that they were unable to enact their flight plan and they did not have an alternative plan in place. Typically the flight option should be enacted before the impending danger hits but this is not always possible.

Some authorities recommend leaving early in the day or even the day before on high-risk days and whilst this is probably the safest option many people have no family with whom to stay or who are either in safer places or live close enough to make going to them a real option.

Preparation for possible flight from your workplace should encompass signs and announcements plus a 'communication tree' covering all employees and visitors in the building in case there is no power for announcements. Signs should use pictographic images as well as text and clearly show designated assembly/safe areas. Quickly decide which 'safe' area is the safest in the present situation and direct staff and clients there.

## Refuge

Many local governments have now established 'safe places' in bushfire-prone areas. If you don't know where yours is located contact your local council

Bear in mind though, that even if you know where your designated safe place is, it may not always be practical to get there, so have an alternative plan in place, and have your emergency pack ready to go.

***Remember, a disaster does not wait for anyone!***

## Reporting

Reporting in as soon as possible is very important. If you cannot make it to a relief centre to report in, let the police know you are safe — police and members of the SES (in Victoria) are usually around somewhere. They will be able to notify family members and friends with communication devices that most of us don't have. Also, remember to put your name up on the board at any relief centres you can get to. Many people check relief centre boards when trying to find someone.



## Registration

When a natural disaster strikes, relief centres are set up by the local municipal council. The services provided include safety/shelter/food and material aid (personal items, clothing and blankets). These centres are run by trained staff who are there to help you in whatever way they can.

It is important that the names of all people involved in the disaster be recorded in the business's incident register. At the earliest opportunity everyone involved should be checked for injury, and action can be taken. Contact details can be passed onto the relevant authorities if necessary. You will have delegated someone to undertake making the list of contact details, recording them appropriately and passing the details onto the authorities. Your disaster plan should include:

- a complete staff list with contact details, and the name of the staff member whose job it is to pass that list to the appropriate authorities
- an immediate response checklist so that nothing is forgotten

Financial assistance is an important part of emergency recovery. Financial pressures in the aftermath of an emergency can cause stress and uncertainty. There is usually a variety of financial assistance available from

government and other organisations, and most of these can be sourced at the relief/recovery centres.

## Recovery

Small business generally faces the toughest road to recovery after a disaster, often because the small-business owner doesn't have access to resources that large business and corporations have, such as capital and people.

As many small-business owners can attest the road is long and it can be very bumpy. However, the journey can be made easier by putting in place your business recovery plan.

Once you have completed all the necessary steps in the response phase you can start concentrating on planning for your recovery phase. There are many things that may need to be done. For example, you may need to find somewhere to live if your home has been damaged or destroyed; you will need to reconnect with family, friends and colleagues; and you must keep your staff fully informed. Other aspects you may need to consider in your recovery process will include dealing with change, assessing your financial position, decision making (re-establishing or exiting from your business), and rebuilding either your house or your business or perhaps both.

One of the most important things you can do to assist with your recovery is to try and understand trauma and its impact not only on your business but also on you personally and on your fellow community members, your clients and your visitors.

Events that endanger life or property often provoke strong emotional or physical reactions. Sometimes these reactions last for days but it could be for longer – months or even years. These reactions can be disabling and can affect a person's relationships and work. Such reactions may be signs of post-traumatic stress disorder which can become chronic or even become a way of life if professional help is not sought. Because of the complexity of the psychological recovery from a disaster we have devoted a section of this book to 'The intellectual and psychological impact of disaster' (see Part 1).

When your livelihood is disrupted or taken away the impact can be devastating. If the emotional impact is neglected or misunderstood it can cause insurmountable grief, which is quite often not understood by others, particularly those who have never owned or operated a business. We have seen this on numerous occasions. When confronted with a disaster you will find the stress of the pressure you are put under can become all-consuming.

## Communication

Effective communication can be crucial to your recovery from disaster. It is important to initiate your communication plan as soon as possible after the disaster.

First, pull together your staff, and ensure that they are all aware of their roles and functions in the recovery process. Assign someone to back up the key roles in case the first-named staff member is unable to carry out the function. Communicate with all staff regularly, keep the lines of communication open and be sure to continually reassure employees. Involve your staff as much as you can. Regular communication is vital; people need to feel they are contributing and part of a team. Remember that your staff members are one of your biggest assets if your business is recovering from a disaster. You will find that people are usually understanding and very generous with their time in trying to help you get your business back on track.

The following are some tips from Tourism Victoria.

- *Make a thorough appraisal of the short-, medium- and long-term situation before making decisions about the future of your staff.*
- *Stay calm –staff members will be anxious.*
- *Listen carefully to staff advice and concerns.*

- *Keep everyone informed. Although you may be stressed about the impacts on your personal future and assets, continue to communicate with staff.*
- *Maintain normal procedures as much as possible.*
- *Take charge of each emerging situation — show leadership.*

Once you have your staffing situation under control make sure you contact key people such as financial institutions, insurance companies, suppliers, and clients. By contacting your bank and suppliers you may be able to get assistance to help minimise the stress on your business, and on yourself. Ask what arrangements can be made in the short term whilst you are assessing your financial position. Discuss alternative solutions should you not be able to meet current commitments or make repayments. Advise your suppliers of your position and ask for an extension on any accounts that may be due.

If you are a tourism business make sure you keep informed and updated. The following information comes from Tourism Victoria.

- *If a natural disaster occurs in your region, your state tourism authority will work with the region's tourism organisations to establish a Tourism Response and Recovery Group. This group will be responsible for developing and co-ordinating a communications*

*plan for the tourism industry, including working with the media. As far as practicable, the appointed spokesperson for the region should be the only person who communicates with the media on behalf of the tourism industry.*

- *Once the first announcements about the emergency incident have passed, over the next few weeks people who are planning to visit your business are likely to be anxious about whether you are open for business and what condition the local area is in. Your website is a great way to update visitors on the local situation, perhaps with a newsflash alert on the homepage so that it can't be missed.*
- *Prepare scripts for your staff to help them respond to visitors' telephone or email inquiries in an upbeat and positive way, and to tactfully address any misinformation they may have.*
- *Don't forget your regular clients and your suppliers. Make sure you contact them either by phone, email, mail or through placing notices in your local newspaper. It is important to keep them fully informed of what is happening.*

## **Dealing with change**

While you would prefer everything to return to the same as it was before the disaster, unfortunately both you and

your environment will be changed forever. You will need to contend with this change. You will no longer be the person you were nor will your business be the same because your staff, clients, community and markets will also be changed by their experience of the disaster.

To succeed after a disaster your mindset and your business must change to respond to the effects caused by the disaster. This can be extremely difficult, particularly for those who have never been good at coping with change. You will need to be innovative, even with limited resources, and you will need to motivate and inspire staff and clients. To succeed, you must embrace change yourself, though that may be a tough call. On a positive note, however, there may be windows of opportunity opening for you and your business.

Remember that change can be the catalyst for opening up new opportunities. Discuss your business ideas with a business adviser/counsellor/mentor. They may help you explore potential new products, services and markets.

### **Now is the time for some decision making**

You are now about to embark on a journey where the destination can be uncertain and you will need to make decisions as to which direction you will or should take. Make sure you think carefully through every alternative before making a decision. Do not hesitate to ask for

help. Remember you are not operating under normal circumstances and your judgement could be clouded. It is imperative at this stage that you get someone to advocate on your behalf to help reduce the stress and fatigue you are likely to encounter.

As your small business moves from disaster response to disaster recovery, you will be faced with many tough questions and forced to make some very important decisions, whilst at the same time trying to deal with your own trauma. This is when it is really helpful to call on your power of attorney (POA), the person you trust to act in your stead. Your POA will be invaluable in helping to make those important decisions for you. If you don't have a POA consider utilising one of the support and referral services available to give such assistance (in Victoria, the Small Business Mentoring Service or the Rural Financial Counselling Service). Both organisations provide free confidential services in the aftermath of a disaster.

Don't forget that if you don't have a POA and you want someone to act on your behalf you will need to have a signed letter of authority for that person, particularly when it comes to financial and legal matters.

Now comes one of the biggest decisions that you, as a small-business owner, will need to make — whether you should reopen your business. This decision is huge so heed our advice: take your time, don't do things too hastily. The decision about reopening is not something

we recommend you do on your own. Make sure you always enlist appropriate guidance and support. Your local council or the on-site disaster support team can point you in the right direction. Gather all your information so that you can discuss your options. Ask advisers to act as advocates on your behalf, advocating to government for grants, to creditors to ask them to wait, to staff to understand why you have decided to close the business – if you do. Remember, the decisions you make at this point concerning your business, if not thought through very carefully, could be detrimental to your future. Your decision could also have an impact on many others, including the broader community, and could possibly affect others' livelihood as well.

Before making any decision, work with your advisers to assess your financial position – both current and likely in the event of reopening.

CPA Australia provides the following advice to small businesses affected by a disaster.

- *Take time to evaluate your financial position before making a decision to continue your business.*

*There may be substantial outgoings before you can restart (and therefore you will need to know how you are going to pay for such outgoings if, in fact, you can afford them) or there may be a significant period before the business can start trading again*

*(and therefore you must rely on existing sources of cash and other assistance until that time). Fully understanding your financial situation and taking time to evaluate your position can assist you when making claims for insurance such as business interruption insurance.*

- *Your first step is to reconstruct your financial records [see Reconstructing financial records after a disaster in the Resources section at the back of this book]. You must determine the cash position of the business (cash at bank) including any cash inflows (from debtors that are recoverable, insurance payments, government assistance and other sources) and cash outflows (such as payments to suppliers, loan repayments and other payments). Basically, this exercise is trying to discover what the position of the business is without it trading.*
- *To establish your cash position you must attempt to reconstruct your debtors' journal (including amounts owed to you, the length of time that money has been owed and identifying which debts are recoverable or that you want to recover) and your creditors' journal (including the amounts you owe, the length of time you have owed those debts, the terms of trade for those suppliers and if any supplier has waived any amounts outstanding). Your insurer(s) should be able to assist you gain an understanding*

*of the insurance payments you are likely to receive (and whether those payments will be in the form of cash and/or replacement asset) and when you are likely to receive such assistance. If government is providing financial assistance in the form of grants or loans, government representatives will be able to provide you with an indication of the likely amount of such assistance and when you are likely to receive that assistance. [Remember that tax is payable on government grants and insurance payouts.]*

- *When you know what your current cash position is, you are in a better position to decide whether to reopen your business. Work out how much it may cost to restock, to purchase supplies and equipment (where such outgoings are not covered by insurance) and to cover other outgoings such as advertising. You can then investigate how you might finance the reopening of your business, for example, from existing cash resources, from your own personal resources, from investors or from debt finance.*
- *In order to decide on how to finance the reopening of your business, you should prepare forecasts to see whether you can afford your preferred financing method. Cash flow forecasts will help to demonstrate whether your business will be able to meet your obligations as they fall due, and the profit*

*and loss forecasts indicate whether the business may be profitable into the future. It is important that the assumptions you use in the forecasts are realistic. List the assumptions. It may be very difficult to make assumptions in a post-disaster environment – past experiences may no longer be relevant and your market may shrink, at least in the short term.*

*The forecasts will shed light on the future viability of your business. Lenders and potential investors will make their decisions on whether to lend or invest in your business on the future viability of your business.*

- *To reconstruct your financial accounts as quickly as possible after a disaster, you will need to contact all of the organisations that will have relevant information, e.g. the Australian Taxation Office, your bank, your customers and suppliers, and your insurers. CPA Australia has designed a checklist to assist in signposting potential sources of information to assist in the reconstruction of your accounts [see *Reconstructing financial records after a disaster in the Resources section at the back of this book*].*

Bear in mind that reopening/re-establishing your business can be a scary and daunting process, particularly if you have previously purchased an existing business that now requires rebuilding, and will therefore have to take into account current rules and regulations.

Following a disaster, it is anything but 'business as usual' for you, your staff and your clients. However, the faster you can return your business to some level of normal operations, the quicker you can restore your income, jobs for your staff, and the goods and services you supply to your customers.

The time it takes for a business to return to something like normal operating levels depends on a number of key issues:

- overall damage assessment — can you trade from your existing premises and what stock, supplies, equipment and other key assets are recoverable and what is not recoverable?
- contacting your insurer to find out details of insurance money to be paid to you and when it is likely to be paid
- sourcing any government assistance you can access
- communication with employees, customers and suppliers
- an assessment of the business's financial position
- developing a plan to reopen your business

More often than not, when there is a disaster there is always a percentage of infrastructure that is either not damaged or the damage can be restored quickly and business operators can either start operating straight away or a short time afterwards.

## Exiting your business

Some small-business people affected by a disaster will make the decision to wind up their businesses. Some will seek to reopen but when they go through the processes described above they will decide that they would rather wind up their business. Some will go through reopening their business but will decide in a relatively short time to wind it up. CPA Australia explains that the reasons why businesses are wound up are many — a disaster may just bring some of those reasons to the fore.

CPA Australia suggests a number of factors to take into account.

*Have you considered that your business may fail if you restart it? Failure could occur for a number of reasons:*

- *having insufficient funds to recommence operations, or if you do recommence, having insufficient funds to continue operating*
- *carrying too much debt that you are unable to service*
- *having inadequate cash flow*
- *having a limited range of products or services or the wrong range of products and services (slow moving and/or low margin)*
- *finding that your former customers/clients are no longer coming to you, perhaps because your location is no longer as favourable in a reconstructed business district*

- *lack of planning for the reconstruction and an inability to adapt to the new environment*
- *poor credit controls and inadequate debt collection*
- *ill-health of the owners and key employees*

*Have you considered the consequences of business failure, including trading while insolvent?*

- *Under Australian law, insolvent trading is defined as 'not being able to pay debts as and when they fall due'. It is a very simple formula. Once you are concerned that you may not be able to pay, then action must be taken.*
- *Insolvent trading is an extremely serious issue for both business and the business owners.*
- *If a company continues to trade while it is insolvent, the consequences can be devastating for the directors*

There are several ways in which a business owner can exit their business, including:

- selling the business
- passing the business on to a family member, partner, employee or other stakeholder
- merging the business with another business
- closing down the business — selling the assets and ceasing to trade
- liquidation — liquidating the business and selling the assets
- forced closure — filing for bankruptcy

If you decide to exit your business don't leave it until it's too late. Ask for help!

If you are considering exiting from business, further guidance can be found in the CPA Australia publication Guide to exiting your business at [www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB\\_D90C5248/cpa/guide\\_to\\_exiting\\_business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB_D90C5248/cpa/guide_to_exiting_business.pdf).

Exiting your business can be quite painful emotionally — after all, for most small-business operators their business is an integral part of who they are. Be sure to seek assistance from a psychological counsellor as well as a business support mentor/counsellor. Many people forced into exiting their business due to unforeseen circumstances and circumstances beyond their control go through the same sense of loss and grief as when someone close to them dies.

## **Tax**

Tax issues can emerge from a disaster. Remember that tax is payable on government grants and insurance payouts. The Australian Taxation Office (ATO) can help individuals and businesses that have been affected by natural disasters (see [www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm](http://www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm)). Assistance may include:

- fast-tracking of refunds
- extra time to pay debts



- more time to meet activity statement, income tax and other lodgement obligations
- support if you are suffering financial hardship as a result of the disaster

CPA Australia has identified some tax issues that may arise including lodgement and payment deferrals, reconstructing accounts for tax purposes, and treatment of insurance payments and grants.

## Insurance

Oh what a nightmare insurance can be! If there is one word of advice we can offer, make sure you get someone to advocate on your behalf.

For some small-business people we have worked with the whole process of claiming on insurance turned into a nightmare that lasted for very long periods of time. Many did not receive the payouts they thought they would; there was often fine print in the agreements that the business operator had not read. In fact arguments were still raging some 18 months after the Victorian floods relating to differing hydrologist reports and definitions of flood that have left dozens of policy holders in limbo and unable to commence repair or restoration work on damaged property.

## Marketing

It is important to start marketing as quickly as possible, but first you need to assess and review the impact of the disaster on your business. Recovery from a disaster, in marketing terms, involves reviewing the effects the disaster has had on your business, your customers/clients, your staff and the community that you are part of, and then establishing strategies to:

- reassure customers, both personally and in other ways (website updates can be an effective 'rapid response' mechanism)
- revisit cancellations and postponements, i.e. contact clients and advise them that you are now open for business and encourage them to rebook
- maintain your standards for customer service and care
- consider changes to the products or service that your business offers

Once you have done all the things mentioned in the list above you will need to make some decisions about marketing your business. How will you get customers to return? Do you need to discount prices? What advertising opportunities should you take up? To what extent do you need to advertise that your business has reopened and how broadly do you advertise?

## Re-establishing/rebuilding

If premises are destroyed or partially destroyed much energy is required for re-establishment. Building rules and regulations are forever changing; energy ratings keep lifting; requirements for disability access become more stringent; in Victoria, the Country Fire Authority now has new fire-sprinkling requirements for double-storey accommodation; BAL (bushfire attack levy) ratings; health regulations; increases in the costs of building materials –the list goes on and on. Insurance payouts often don't come anywhere near covering these additional costs. If you have to rebuild as part of re-establishing your small business, it is really important to work closely with a mentor or financial counsellor to help you make your way through the requirements.

A word of warning when working with architects: make it very clear what your budget is and what your absolute upper limit must be.

If you are contemplating rebuilding, share the load. You and your architect must work closely with your local council's planning department. Too often people don't make contact with their council until they have spent a lot of money on planning and then they find that their plans do not meet the council's requirements.

## Grants and government subsidies

Following a natural disaster governments usually make some level of grant available for cleanup and restoration but completing the necessary paperwork while suffering the after-effects of disaster can be a nightmare.

We would strongly recommend that you seek assistance to complete the relevant paperwork from available business advisers located at relief/recovery centres as these services are provided free of charge by people who are briefed by government and have a full understanding of the criteria, support material required and lodgement process, which can save many hours of hard work and heartache for you. Forms that are filled out incorrectly have to be resubmitted, perhaps more than once, and every delay means grants take longer to come through.

## For manmade disasters

It is not clear why, but the fact remains, that manmade disasters — civil unrest, terrorist or gang attacks, sabotage (possibly from disgruntled employees, competitors or ex-partners), fire, armed robbery, theft and other random acts that could lead to damage or destruction to your business — are more common today than ever before.

Whilst making a disaster recovery plan to cope with a manmade disaster may cover similar issues to those raised by natural disasters, others, such as sabotage, open up a whole new realm of potential consequences that could affect the capacity of your business to perform effectively following such a disaster. Sadly it is no longer a case of 'If you believe your business could be affected by manmade disasters then think about mitigating the risks' but more a case of 'You cannot afford not to consider the probability and potential impact of such threats'.

### Planning

Whilst no one particularly likes the idea of planning for an impact from any of the forms of manmade disasters mentioned above, the frequency with which theft, armed robbery, civil unrest and vandalism occur in today's

society indicates an increased potential for one of these events affecting you and your business.

The Victoria Police Crime Statistics for 2011–12 state that:

- Robbery decreased by 2.0%, from 3,353 in 2010/2011 to 3,286 in 2011/2012. The rate per 100,000 population decreased by 3.3%. The majority of robbery victims were male (74.8%). A significant proportion of robbery offenders (40.3%) were juveniles.
- Armed robberies accounted for 1,597 (48.6%) of all robberies in 2011/2012, an increase of 3.9% since 2010/2011. The most common weapon used in armed robberies was a knife (50.7%). 17.0% of all weapons used in robberies were a firearm (including imitation firearms), an increase of 10.1%.

As for all types of disasters, planning for the possibility of a manmade disaster begins with the identification of potential problems and then by determination of their likelihood of occurrence.

### Key step 1 — Identify and analyse potential risks

In terms of a manmade disaster, which of the following threats would be most likely to occur in your area and to your type of business — civil unrest, terrorist or gang

attacks, sabotage, fire, armed robbery, theft or other random criminal acts that could lead to damage to or destruction of your property and physical or emotional harm to you and/or your people? Use the risk severity matrix tool to help you determine the probability of any manmade disaster occurring. Then use the six subgroups — people, processes, premises, providers, profile and performance — to help you formulate your plan of recovery from the manmade disaster most likely to affect your small business.

- **People**

- Could a manmade disaster lead to possible death or injury to workers and/or customers? If so, what would be the impact on your business, particularly if your workers were injured or, in a worst case scenario, killed, as a result of a workplace intrusion? Apart from affecting your business, what impact could sabotage have on employees, clients or the community as a whole?
- What would be the likely impacts (physical and/or psychological) of a manmade disaster on your people and what support processes might you have to access in the recovery phase?
- What changes of roles and responsibilities might be required should some staff be so badly affected by such an event as to no longer be able to work?

- What levels of awareness and education about the plan/contingencies would particular staff members require?
- What would be the likely availability of people (existing and/or replacement staff) to keep your business going after the occurrence of a manmade disaster?

- **Processes**

- Consider your normal work processes then think about the impact manmade disasters could have on your ability to continue paying bills, purchasing stock, running your computer systems, serving customers etc.
- What organisational processes (manufacturing, sales, delivery, financial, IT) could potentially be affected by disgruntled staff, vandals or competitors and what could you do to protect these processes? What could you do to restore them from an impact against them?
- Who would you have to notify should a product be found to be dangerous to the public and how would you instigate a product recall if it were necessary?
- What formalised planning have you done, where is it stored, who knows about it and who has the responsibility to enact it should it be required?

- **Premises**

- How protected are your premises from potential manmade disasters? How would you continue your business safely if your premises were damaged or access to them was denied?
- What might the impact be on your business's buildings and facilities of a manmade disaster? How could you ensure safe access for staff, customers and suppliers?
- Would it be possible for your business to continue running in the short, medium or long term if you knew that you could have the use of alternative buildings/facilities as a backup or in an emergency?
- How could you minimise the impact of potential disaster through the use of security, sprinklers or other risk minimisation actions?

- **Providers**

- What would happen if your suppliers were prevented from supplying you with the raw materials, stock and/or services you require for the efficient running of your business because their business had been affected by a disaster?
- Who are your contractors or the people you outsource work to? Do you have a complete list of their contact details?

- Who provides equipment and/or repairs to your communication, sanitation and other essential services? Do you have a list of their contact details? Are all your lists backed up, with current copies held somewhere off site?

- **Profile**

- How might your brand, image and reputation in the marketplace be affected after a disaster? What elements do you need to consider protecting and how would you do that?
- How would you prepare for a heightened awareness of your brand/market profile in a post-disaster situation?

- **Performance**

- What are the potential impacts of these types of risks on your business's capacity to meet its key performance indicators?
- How long would it take you to re-establish accepted benchmarking standards in a post-disaster environment? (Obviously this would vary depending on the type and size of the disaster.)
- How would you evaluate and audit your post-disaster recovery processes to check on their relevance and effectiveness?

## Key step 2 – Minimise or eliminate risks

Once risks have been identified the next question to consider is how to either eliminate or minimise those risks. One of the most commonly used risk minimisation tools is insurance. The question is which manmade disasters can you insure against and are your current insured risk values up to date?

It is essential that you have in writing from your insurer, and that you understand clearly, what is specifically included and not included in your insurance cover. Because of an increased frequency of certain types of events, many insurers have specified exclusions and altered the wording of policy documents to minimise their exposure to risk through occurrence of such events.

Use the asset register template from the Resources section of this book to list all your valuable items – preferably with photos (individually numbered) and serial numbers – and make sure the register is stored safely in your data storage facility with appropriate backups offsite.

We believe that there are some specific risk-elimination or risk-minimisation factors that are imperative to consider when you are planning how your business could recover from a manmade disaster. Again, we suggest you use the six subgroups.

- **People**

- Where would you source replacement workers (short- or long-term) in the event of your staff being unable to work as a result of their involvement in a manmade disaster?
- Could you install security and warning systems?
- Could you create safe or safer havens?
- Could you specify 'emergency assembly points' and prepare maps and instructions about what to do and where to go in the case of a manmade disaster?
- Have you considered establishing a 'leadership plan' that would specify who has responsibility to do what, in case of an emergency, and who is the next in line to take over that role should the main person be unable to perform those duties?
- Have you insisted on training/practice of procedures – the old 'fire drill' scenario, which, despite people's protests, has been shown to be effective in minimising panic and increasing survival when real emergency situations occur?
- Have you considered the likely responses of your people to an emergency event and its aftermath? (See Part 1 'The intellectual and psychological impact of disaster' for guides to 'normal' reactions to and recovery times from trauma.)

- Have you thought about the possibility of ‘other people’ (tradespeople, customers, visitors) being at your premises when a disaster might occur and what you may have to plan in terms of their safety and wellbeing?
- Do you have a ‘support list’ of people — family, friends, medical and emotional support people — along with contact numbers that you and your team could turn to for help should a disaster occur?

- **Processes**

- It is important to consider the many processes within your business and work out how to get these back to normal in the shortest possible time.
- Data storage is one of the key target areas of disgruntled employees and/or hackers so what precautions should you take (backups, firewalls, anti-virus software, malware protection) to block or minimise the impact of possible attempts to disrupt or destroy your data? It is also worth considering more remote possibilities for loss of data including power interruptions caused by accident — e.g. trees pulling down power lines or a motor vehicle accident or general power outages caused by storms.

- **Premises**

- How would you determine the safety of your business premises for reoccupation after a manmade disaster?
- Have you thought about how quickly you might be able to reoccupy your business premises after a disaster?
- How would you replace equipment essential to the running of your business? (Replacing phones or computers may be relatively easy but if you run a manufacturing, mechanical, agricultural or hospitality business where expensive machinery or tools and hoists are required or where commercial kitchens have to be used, it’s a different story.)

- **Providers**

- Where might you access replacement stock should it be stolen or damaged? (Your traditional suppliers might be able to help if they were to have plenty of stock on hand and provided your accounts were up to date or your loss is guaranteed to be covered by your insurance.)
- What would happen if water were contaminated or telephone, electricity, gas or other essential services were interrupted for prolonged periods?

- **Profile**

- What would be the impact on your brand and reputation if illness of an employee were to create a health hazard for patrons? How might your brand suffer in the aftermath of sabotage through malicious behaviour of competitors, disgruntled customers or staff?
- Prolonged closure can adversely affect your brand because customers find alternative sources of supply, which means that many businesses are forced to approach their reopening as if it were a new start-up.

- **Performance**

- How would your business perform in a post-disaster environment? (This would probably vary depending on the severity of the actual disaster your business might face.)
- At what speed could you recover from a disaster and how would you do this?
- What would you have to do in terms of openness with your customers, suppliers and service providers about the impact of the disaster and your plans for getting back to 'normal', particularly in relation to your creditors? (Everyone would be more likely to be supportive of your situation if they were kept well informed.)

### **Key step 3 – Identify who has to do what should a disaster occur**

One of the simplest and most powerful tools for a speedy recovery from a disaster is a clear picture of, and clear directions about, who has to do what should your disaster recovery plan have to be enacted. Using your risk assessment matrix and risk prioritisation template construct a series of checklists of things to be done by appropriate people in your business.

If you are a one-person business it's easy to think that you would have to do everything in the aftermath of a disaster, but this is not necessarily true. Think about people in your support network who could assist should the need arise. Maybe a bookkeeper or accountant could help with your financial records. A lawyer could help with such important documents as wills, powers of attorney, passports and other identification documents. Your bank manager might be able to assist with gaining access to financial accounts and getting speedy replacement of credit cards. Here are some specific points to consider in preparing this key step in your disaster plan.

- Determine who would be responsible for co-ordinating people at your work premises should an emergency occur. Nominate an appropriate chain of command so that people would not be tripping over one another in a state of confusion.



- Determine the process for responding to a disaster and create a checklist of things to be done in the order they should be done so as to ensure that the risk of further damage/injury is minimised during the response phase, and to cover the possibility that people might be in shock, would probably be confused and might forget the simplest and most important things to be done.

You will find an example of a checklist for evacuation procedures in the Resources section at the back of the book. Similar checklists can be constructed for other aspects of disaster recovery. See too the Business Continuity & Disaster Preparedness Checklist created by the Queensland Government, which is also available at [www.business.qld.gov.au/\\_\\_\\_data/assets/word\\_doc/0005/15296/Business\\_Continuity\\_Plan\\_Template.doc](http://www.business.qld.gov.au/___data/assets/word_doc/0005/15296/Business_Continuity_Plan_Template.doc)

#### **Key step 4— Determine and plan your recovery contingencies**

Individual recovery contingencies would be determined by your business type, style and size and, of course, by the type of manmade disaster that has occurred and the extent of the damage to your business. It is important to spend some time looking at the various contingency elements that might be required when recovering from a disaster.

In 2007 Small Business Victoria published a document entitled *Emergency Contingency Planner* which raises the following relevant points:

- **Examine your legal responsibilities** with a solicitor who can help interpret employment contracts, leases, contracts of supply and insurance policies, and can give advice on your legal options.
- **Identify all current payments that can be delayed**, for example, talk to suppliers about deferring payment of invoices temporarily until the business is trading again.
- **Meet with your bank to discuss restructuring any business or personal loans** and check if they are willing to delay loan repayments, mortgage payments and the like until the business is trading again.
- **Contact your regular suppliers** to advise of your situation. If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements.
- **Contact your leasing company** to discuss alternative payment arrangements.
- **Communicate with the landlord** to make arrangements such as temporarily deferring rental payments with an arrangement negotiated for the business to catch up with rent once trading resumes.
- **Contact your industry association** to see what information is available. Industry associations

can often assist with information on employment contracts, alternative suppliers, and consultants who may be able to help you manage the emergency.

- **Contact your clients/customers** to advise of your situation. If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements — similar businesses in your network may be able to assist with supply of product or services.

We have some extra suggestions that might help you.

Individual types of manmade events would have different impacts, but common elements to be considered in planning recovery contingencies include:

- the magnitude of the event and therefore the impact on your ability to return to normal in the shortest possible time
- the impact of the event — for example, sabotage of products on supermarket shelves might require a total recall of a product range whereas the illness of a staff member in a food outlet may require only a short-term shutdown and cleaning of bench surfaces before continuing with normal trading
- the interference factor caused by police and/or other authorities being involved in the investigation of the event

- delays in repairs and/or replacement of damaged premises, stock and equipment

Specific points to consider will vary according to the type of disaster.

*Civil unrest* — localised damage to your business premises and/or the infrastructure that supports your business, interruption to normal business activity, potential long-term effects on trade because of customers feeling 'unsafe' in the area

*Fire* — extent of property damage, time involved in investigation, time required for repairs or relocation, and for processing of insurance claims

*Burglary/armed robbery* — psychological trauma caused to staff, time involved in the investigation of the event, restoration of any damage caused during the event, time for processing insurance claims, loss of time in the future because of appearances at court cases

*Sabotage/vandalism* — of equipment and/or products could mean replacement and/or repair of anything damaged and possibly a recall of product where sabotage includes a threat to community health. In the case of sabotage of data, restoration may be as simple as going to a backup file,

so the impact could be low. However, if data corruption were done by way of a virus in software systems that could destroy data, then the time required for recovery would be much longer and the potential loss and disruption to the business would be much more severe.

### **Key step 5 — Communicate the plan to all the people it refers to**

This fifth stage of your disaster recovery planning is all about ensuring that all people within your business sphere (staff, suppliers, contractors, service providers) are made aware of the strategies you have put in place to either mitigate or recover from a disaster.

From a planning perspective it is important to consider your communication strategies and make decisions about whether the physical communication will be done by phone, email, text or other means. Once these decisions are made procedural statements can be created and relevant people can be informed. The next part of the communication strategy is to train people in that strategy and to then ensure everybody practises what has to be done so that, should an emergency occur, the process can take over and guide the people.

## **Preparation**

In this section we try to help you create your disaster recovery plan through looking at the preparation you need to do to ensure that your plan can be enacted should it be required. In the Resources section we have provided tools and checklists to help you prepare your disaster recovery plan. Many of the tools and techniques may seem like common sense but from our experience we know that, in a disaster, common sense often disappears, so tools like checklists are invaluable.

- **People** — In the last major section, dealing with planning for dealing with a possible manmade disaster, we listed many things to be considered including the potential unavailability of your staff. In this section we suggest just what you can do to prepare for your people being involved in a disaster.
  - Create your leadership plan, specifying who has responsibility to do what in case of an emergency and who is the next in line to take over that role should the main person be unable to perform those duties.
  - Develop a series of contact registers for staff, suppliers and emergency assistance using the examples shown in the Resources section.

- Specify procedures to be followed in case of an emergency, and implement appropriate training and practice, e.g. fire drills. Install appropriate fire-fighting and other emergency-response equipment and train appropriate staff to use the equipment. Hold regular fire drills, especially when new staff have started in your business – emergency procedures should be part of your staff induction program.
  - Speak with your insurance broker about insuring key people in your business against their potential loss, whether temporary or permanent, and purchase policies as you and your business advisers consider necessary.
  - Create maps showing emergency assembly points along with instructions about what to do to assist other people (tradespeople, customers, visitors) who might be at your premises when a disaster occurs (See the evacuation plan example in the Resources section).
- **Processes** — Having considered in the Planning section above what processes you might need to restore to get your business back to normal running as quickly as possible, now is the time to make some preparation. Some processes are more simple to restore than others.
    - Data protection. There are several ways of backing up data including separate hard drives (fixed or portable), and many cloud-based programs, such as DropBox and iCloud. However data, whilst the most important part of your transactional requirements/history, should not be your sole consideration. We strongly recommend that you use one of the full system backup options now available in which all your software and operating systems are backed up, as well as your data, in both local and remote locations. The benefit of this style of back up is that it allows you to recreate your whole system within minutes and hours rather than days or weeks. We also strongly recommend that anti-virus software be installed and kept up to date along with malware protection, firewalls and encrypted storage of sensitive data
    - Create and implement a regular maintenance program for testing all fire-fighting equipment, pumps, security systems, first-aid kits, safety equipment and battery-operated equipment.
    - Create a 'business emergency go bag' that includes a mobile phone preloaded with emergency and staff contact numbers; floor plans of your business premises; spare business keys; a laptop computer with charger; a portable

hard drive or flash drive with your latest data backup and critical documents such as insurance policies, business registrations and bank documents loaded onto it; your disaster response plan and some basic office supplies including ethernet cables in case wireless internet access is unavailable and perhaps a prepaid mobile broadband device, e.g. a Telstra dongle.

- Create a 'critical functions' checklist with the object of identifying all the resources and personnel required for restoring or reproducing each individual function of the business during the disaster recovery phase. **www.preparemybusiness.org** is a US collaboration that has several useful templates on this and other topics relating to disaster planning and recovery, several of which are reproduced with permission in the Resources section at the back of this book.
- Create and maintain an 'emergency messaging' section on your company website that is available as a read-only file but accessible with a login and/or via phone/SMS so that employees, contractors and key suppliers can be kept up to date with your circumstances and recovery progress. The benefit of this is that it can be updated/managed offsite and can be initiated from any computer

as can bulk emails/SMS through free software programs like MailChimp.

- *Premises* — Here are some suggestions as to how you could prepare your business premises to face a manmade disaster.

#### **External**

- Ensure that the environment is kept clear of flammable materials and obstructions to swift evacuation.
- Ensure that there are adequate and properly maintained fire extinguishers, hoses and water-supply points at key areas like loading docks, waste storage and hazardous chemical areas.
- Where possible, create bulk storage zones for hazardous and/or flammable goods (away from main buildings where staff work) to minimise the risk of contaminant damage that can be caused by these items.
- Install appropriate security protection devices like gates, locks, warning systems and monitoring systems to ensure safety for your staff and as a deterrent to potential intruders/robbers and to record intrusions should they occur.

#### **Internal**

- Install internal security and warning systems as appropriate to your business. These could

include simple things like smoke detectors, fire/emergency alarm sirens, mirrors to see around blind corners, and glass panels inserted into doors, or more complex measures such as safety screens to keep staff separate from customers (as with banks or taxis), and door locks requiring passcodes or swipe cards.

- Create safe or safer spaces for staff to work, navigate your premises and evacuate if under threat. Display evacuation plan maps around your workplace, particularly in most used or enclosed areas.
  - Install fire-fighting equipment and or emergency lighting in locations and of types advised by fire-protection and safety professionals to be most suitable to your particular requirements.
  - Ensure that clear escape accesses are maintained at all times, that staff are trained in evacuation procedures, that waste and other potential hazards are cleared regularly and that items like computers, paperwork and stock are stored off the ground in flood-prone areas.
- **Providers**
    - How do you prepare for the possibility that your suppliers may suffer a manmade disaster, which could affect your business?

- Where might you access replacement stock should your stock on hand be stolen or damaged? Your traditional suppliers might be able to help provided they have plenty of stock on hand and provided your accounts were up to date and the value of a loss would be covered by your insurance.
- What would your options be if such services as cleaning, garbage, bookkeeping or maintenance suddenly became unavailable? Where would you source alternatives? Do you have a register of people who have approached you for work whom you could quickly call to get you back on track?
- What would happen if water were contaminated or telephone, electricity, gas or other essential services were interrupted for prolonged periods? What alternatives would you have, such as generators, for power sources?

- **Profile**

- Give some thought to preparing a communication strategy that would help you respond to the impact a disaster might have on your public profile.
- You could prepare a list of organisations to be notified of your situation, appoint a 'public spokesperson' for your business to speak on

your behalf should your brand and reputation be affected by an event that creates a public health hazard, and prepare a press release template that you could use to notify the organisations on your list about developments in your situation.

- Prolonged closure of your business for any reason could have adverse effects on your brand so there is merit in the idea of building relationships with colleagues who might provide alternative premises to operate from and creating a notification plan designed to update your website and notify everyone who would need to know of changes (staff, customers, suppliers) in the shortest possible time.
- Think about preparing a public relations policy (including authorising a spokesperson) that might respond quickly to adverse and incorrect media reporting should it occur.

- **Performance**

- Think about how your business would be likely to perform in a post-disaster environment. How quickly might you be able to reopen after a disaster and how might you adapt to the changed circumstances you would find yourself in?
- It is important to consider how you should communicate with your customers, suppliers and

service providers about the impact of the disaster and your plans for getting back to 'normal', particularly in relation to those you may owe money to. They are more likely to be supportive of your situation if you keep them well informed. When you have decided on the procedures to be taken, it is important for staff to be trained to follow these procedures.

As we have said already, in several places in this book, you may think it is unnecessary and a waste of time to think about how you would prepare for a disaster, but we need to remind you that all the emergency service providers you rely on in times of need spend hours and hours planning, training and practising for disaster events because they know proper preparation saves time, saves lives and makes their ability to respond easier and the recovery processes faster. They know it works for them, so ask yourself why you should believe that preparation is unnecessary for you.

## **Response**

Although manmade disasters are often unpredictable, they are not always unexpected, particularly where crime rates are high and economic circumstances are tough.

The response phase occurs at the time of the disaster and immediately after the crisis happens. This is when

you need to respond quickly and effectively — a quick response helps limit loss of life and/or property and can help minimise the negative financial, legal, political, or governmental repercussions that could occur on yourself, your family and your business, particularly if the crisis is not dealt with in a prompt and effective manner.

Whilst most people have some understanding of the impact of natural disasters, many have difficulty imagining the impact of terrorism, sabotage, being burgled or being held up at gun point. Regardless of which type of disaster may occur, you must be able to respond quickly and effectively by putting your disaster response plan into action, which is why the development of your response plan must include educating your staff about the different

types of emergencies that may occur, and training them to respond. Your response procedures will include relevant evacuation procedures and safe places. Should a disaster occur, you will be ready to put your plan into action.

***Just remember, the first thing you must do is make sure that everyone is safe.***

When a manmade disaster occurs, the first priority is always personal safety. The second priority is the stabilisation of the incident by the authorities who respond to the emergency.

Evacuation	Safety procedures	Reporting	Registration
<p>Check primary and secondary evacuation routes and emergency exits. Staff advise visitors of the emergency and direct them to emergency exits and evacuation routes.</p>	<p>Go to designated assembly areas. Check for injury and apply appropriate first aid if required. Ensure that the situation is stabilised.</p>	<p>Report to police and the owner/manager if he/she is not present at the time. Check in with family/friends/colleagues so that they know where you are and what's going on.</p>	<p>Register at emergency assembly points/relief centres if applicable e.g. in the case of terrorist attack.</p>



## Evacuation

Your preparation for possible evacuation of your workplace should include signs, announcements and a 'communication tree' to all employees and visitors in the building in case there is no power for announcements. Any signs should use pictographic images as well as text. Think about your staff and customer base and what actions you may need to put in place. Although the Charville action (pictographic signs for evacuation) was applicable to a natural disaster (see page XX) there is no reason why something similar could not be put in place for a potential manmade disaster.

## Safety procedures

Your designated assembly area/safe area may be a basement or interior room/s or an external designated area. You would have to decide quickly which 'safe' area would be the safest in the emergency situation and direct staff and clients to go there.

Remember, an act of violence in the workplace can occur without warning. If gunfire were suspected, staff should hide and remain silent. Staff should be quietly alerted to seek refuge in the safe area. Doors and windows should be closed, locked and barricaded. If

escape to the safe area were not possible, people should hide under desks, away from any doors or windows.

## Reporting

Prompt reporting of the event to authorities would be a must. Then family members should be contacted and informed of the situation, but only once people were safe and the area secure.

## Registration

It would be important for the names of all people involved in the disaster to be recorded in the business's incident register. At the earliest opportunity everyone involved should be checked for injury, be it physical or psychological, so that action can be taken. Your disaster plan should include:

- a complete staff list with contact details, and the name of the staff member whose job it would be to pass on to the appropriate authorities details of those staff involved in the disaster
- an immediate response checklist so that nothing would be forgotten. Remember that at the time of a disaster no one would be thinking clearly. It is always useful to have a prompt.

## Recovery

According to the Red Cross, over 40 per cent of small businesses hit by disaster do not reopen after the emergency (see [www.redcross.org/images/MEDIA\\_CustomProductCatalog/m4240206\\_PrepYourBusfortheUnthinkable.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m4240206_PrepYourBusfortheUnthinkable.pdf)).

As many small-business owners can attest, the road to recovery after a disaster of any type is long and can be very bumpy. However, the journey can be made easier by putting in place your business recovery plan.

Once you have thought about all the necessary steps in the response phase of your disaster plan you can start concentrating on the recovery phase.

Key things you may have to do after a disaster include finding somewhere to live if your home is affected; finding somewhere to work from if your premises are damaged or destroyed; reconnecting with family, friends and colleagues; keeping your staff fully informed; dealing with change; initiating decision making (e.g. re-establishing or exiting from your business); assessing your financial position; and rebuilding either your house or your business or in some cases both.

But one of the most important things you should do to assist with your recovery should be to try and understand trauma and its impact not only on your business but also

on you personally and on your staff, your clients and your visitors.

Common reactions can be physical, cognitive and emotional. Sometimes these reactions last for days but it could be for longer – months or even years. These reactions can be disabling and can affect a person's relationships and work. Such reactions may be signs of post-traumatic stress disorder, which can become chronic or even become a way of life if professional help is not sought. Because of the complexity of the psychological recovery from a disaster we have devoted Part 1 of this book to 'The intellectual and psychological impact of disaster'.

## Communication

Effective communication can be crucial to your recovery from disaster. It would be important to instigate your communication plan as soon as possible after the disaster.

First, you would pull together your staff, and ensure that they were all aware of their roles and functions during the recovery process. Someone should be assigned to back up the key roles in case the first-named staff member is unable to carry out the function.

You should communicate with all your staff regularly, keeping the lines of communication open so as to

continually reassure employees. You should involve your staff as much as you could. Regular communication would be vital; people need to feel they are contributing and part of a team.

Your staff members would be one of your biggest assets in recovering from a disaster. People are usually understanding and very generous with their time in trying to help any business get back on track.

Here is some advice that Tourism Victoria has prepared for owners of businesses that have experienced a disaster:

- *Make a thorough appraisal of the short-, medium- and long-term situation before making decisions about the future of your staff.*
- *Stay calm — staff members will be anxious.*
- *Listen carefully to staff advice and concerns.*
- *Keep everyone informed. Although you may be stressed about the impacts on your personal future and assets, continue to communicate with staff.*
- *Maintain normal procedures as much as possible.*
- *Take charge of each emerging situation — show leadership.*

Once your staffing situation is under control it would be important to contact key people such as financial institutions, insurance companies, suppliers, and clients. By contacting your bank and suppliers you may be able

to get assistance to help minimise the stress on your business and yourself. You should ask what arrangements could be made in the short term whilst you are assessing your financial position. You should discuss alternative solutions in the case of your not being able to meet your current commitments or make repayments. You should advise your suppliers of your position and ask for an extension on any accounts that may be due.

### **Dealing with change**

Whilst you would prefer everything to return to the same as it was before a disaster, unfortunately both you and your environment would be changed forever and you would need to contend with this change.

To succeed after a disaster your mindset and your business must change to respond to the effects caused by the disaster. This can be extremely difficult, particularly for those who have never been good at coping with change. You would need to be innovative and you would need to motivate and inspire staff and clients. To succeed, you must embrace change yourself, though that may be a tough call. On a positive note, however, there may be windows of opportunity opening for you and your business.

This would be the time for some decision making.

You would be embarking on a journey where the destination could be uncertain so you would need to

think carefully through every alternative before making your decision.

You should ask for help —you would not be operating under normal circumstances and your judgement could be clouded.

As a business affected by a disaster moves from disaster response to disaster recovery, there are many tough questions to be faced and some very important decisions to be made, and all this while the business owner (it could be you!) might be trying to deal with personal trauma. This is when it might be helpful to call on a power of attorney (POA), a person that you, as a business owner, trust to act in your stead. If you don't have a POA you might consider utilising one of the support and referral services available to provide assistance, for example, in Victoria, the Small Business Mentoring Service or the Rural Financial Counselling Service. But a business owner wanting one of these services to act for him/her would require a signed letter of authority, particularly for financial and legal matters.

Next would come the decision as to whether you should reopen your business, change its direction or prepare the business for sale. Before you could make this decision, you would need to assess your financial position.

Bear in mind that reopening/re-establishing your business could be a scary and daunting process and that, following a disaster, it would be anything but 'business

as usual' for you, your staff and your clients. However, the faster you could return your business to some level of normal operations, the quicker you could restore your income, jobs for your staff, and relationships with your customers.

Obviously the time it could take for your business to return to something like normal operating levels would depend on a number of key issues:

- overall damage assessment — could you trade from your existing premises and what stock, supplies, equipment and other key assets would be recoverable and what might not be recoverable?
- contacting your insurer to find out details of insurance money that might be paid to you and when it would be likely to be paid
- sourcing any government assistance that might be available
- communication with employees, customers and suppliers
- developing a plan to reopen your business
- assessing your business's financial position, perhaps using the following CPA Australia guidelines for small businesses affected by a disaster (and remembering that insurance payments and grants are assessable for income tax).
- *Take time to evaluate your financial position before making a decision to continue your business. There*

*may be substantial outgoings before you can restart (and therefore you will need to know how you are going to pay for such outgoings if, in fact, you can afford them) or there may be a significant period before the business can start trading again (and therefore you must rely on existing sources of cash and other assistance until that time). Fully understanding your financial situation and taking time to evaluate your position can assist you when making claims for insurance such as business interruption insurance.*

- *Your first step is to reconstruct your financial records [see Reconstructing financial records after a disaster in the Resources section at the back of this book]. You must determine the cash position of the business (cash at bank) including any cash inflows (from debtors that are recoverable, insurance payments, government assistance and other sources) and cash outflows (such as payments to suppliers, loan repayments and other payments). Basically, this exercise is trying to discover what the position of the business is without it trading.*
- *To establish your cash position you must attempt to reconstruct your debtors' journal (including amounts owed to you, the length of time that money has been owed and identifying which debts are recoverable or that you want to recover) and your creditors' journal (including the amounts you owe,*

*the length of time you have owed those debts, the terms of trade for those suppliers and if any supplier has waived any amounts outstanding). Your insurer(s) should be able to assist you gain an understanding of the insurance payments you are likely to receive (and whether those payments will be in the form of cash and/or replacement asset) and when you are likely to receive such assistance. If government is providing financial assistance in the form of grants or loans, government representatives will be able to provide you with an indication of the likely amount of such assistance and when you are likely to receive that assistance. [Remember that tax is payable on government grants and insurance payouts.]*

- *When you know what your current cash position is, you are in a better position to decide whether to reopen your business. Work out how much it may cost to restock, to purchase supplies and equipment (where such outgoings are not covered by insurance) and to cover other outgoings such as advertising. You can then investigate how you might finance the reopening of your business, for example, from existing cash resources, from your own personal resources, from investors or from debt finance.*
- *In order to decide on how to finance the reopening of your business, you should prepare forecasts to see whether you can afford your preferred*

*financing method. Cash flow forecasts will help to demonstrate whether your business will be able to meet your obligations as they fall due, and the profit and loss forecasts indicate whether the business may be profitable into the future. It is important that the assumptions you use in the forecasts are realistic. List the assumptions. It may be very difficult to make assumptions in a post-disaster environment – past experiences may no longer be relevant and your market may shrink, at least in the short term. The forecasts will shed light on the future viability of your business. Lenders and potential investors will make their decisions on whether to lend or invest in your business on the future viability of your business.*

- *To reconstruct your financial accounts as quickly as possible after a disaster, you will need to contact all of the organisations that will have relevant information, e.g. the Australian Taxation Office, your bank, your customers and suppliers, and your insurers. CPA Australia has designed a checklist to assist in signposting potential sources of information to assist in the reconstruction of your accounts.*

More often than not fatigue can be a stumbling block to recovery as it can do dreadful things to the brain – for example, some people experience memory loss or simply

when they try to read any type of documentation the printing just becomes a blur.

Our experience of working with people recovering from a disaster has shown that, in some cases, fatigue created by the effects of the disaster coupled with the inability to get staff, and the added workload, can take its toll on those trying to re-establish. Many people we worked with ended up not eating sustainable meals (they were either too busy or just couldn't be bothered) whilst others were self-medicating (using alcohol as a way of helping dull the memories and pain in an effort to move forward).

## **Exiting your business**

Some small-business people affected by a disaster make the decision to wind up their businesses. CPA Australia explains that the reasons why businesses are wound up are many and any type of disaster may just bring some of those reasons to the fore.

CPA Australia suggests a number of factors to take into account. The following points are based on the CPA Australia suggestions.

*Have you considered that your business may fail if you restart it? Failure could occur for a number of reasons:*

- *having insufficient funds to recommence operations, or if you do recommence, having insufficient funds to continue operating*
- *carrying too much debt that you are unable to service*
- *having inadequate cash flow*
- *having a limited range of products or services or the wrong range of products and services (slow-moving and/or low-margin)*
- *finding that your former customers/clients are no longer coming to you, perhaps because your location is no longer as favourable in a reconstructed business district*
- *lack of planning for the reconstruction and an inability to adapt to the new environment*
- *poor credit controls and inadequate debt collection*
- *ill-health of the owners and key employees*

*Have you considered the consequences of business failure, including trading while insolvent?*

- *Under Australian law, insolvent trading is defined as 'not being able to pay debts as and when they fall due'. It is a very simple formula. Once you are concerned that you may not be able to pay, then action must be taken.*

- *Insolvent trading is an extremely serious issue for both business and the business owner/s.*
- *If a company continues to trade while it is insolvent, the consequences can be devastating for the directors.*

There are several ways in which a business owner can exit a business, including:

- selling the business
- passing the business on to a family member, partner, employee or other stakeholder
- merging the business with another business
- closing down the business — selling the assets and ceasing to trade
- liquidation — liquidating the business and selling the assets
- forced closure — filing for bankruptcy

If you were to decide that you would reopen your business after a disaster but found it difficult to raise finance to meet the planned reconstruction, you might have to consider either exiting your business or modifying your reopening plan. Further guidance can be found in the CPA Australia publication *Guide to exiting your business* at [www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB\\_D90C5248/cpa/guide\\_to\\_exiting\\_business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB_D90C5248/cpa/guide_to_exiting_business.pdf).

## Marketing

While it would be important to start marketing as quickly as possible, you would first need to assess and review the impact of the disaster on your business.

Recovery from a disaster involves reviewing the effects the disaster has had on your business, your customers/clients, your staff and the community that you are part of. If you make your business recovery plan with assistance such as the Tourism Victoria check lists, information sheets and booklets you would be in a good position to:

- reassure customers, both personally and in other ways (website updates can be an effective 'rapid response' mechanism)
- demonstrate leadership to your staff to instil confidence in the future
- maintain your standards for customer service and care
- consider changes to products or service offerings
- seek counselling when necessary, and involve yourself in the local community

After all the things mentioned in the list above have been dealt with then you could start to make some decisions about marketing your business. How would you get customers to return? Would you need to discount

prices? What advertising opportunities should you take up? To what extent would you need to advertise that your business has reopened and how broadly would you advertise?

## Grants and government subsidies

Whilst grants are often available after natural disasters, manmade disasters seem to have less support, if anything at all. Possible financial, legal and psychological assistance might be available from government and/or the courts if you or your staff were considered 'victims of crime'. However, the processes for gaining this type of support can be protracted and would probably require reliving the traumas that you or your staff had to face in the first place.

If you were ever in the position to be investigating such support, we would strongly recommend that you seek assistance from the appropriate support services to complete any relevant paperwork. These people are usually briefed by government and have a full understanding of the criteria, support material required and lodgement process, which could save many hours of hard work and heartache for you.



## For an accident/illness disaster

In 2008, because of her economic and business expertise, and because she had owned and operated her own small business whilst facing a life-threatening illness, cancer, Sandra was commissioned by Small Business Victoria to develop content for an online guide entitled 'Illness and business management plan'. Sandra pulled together a small team of dedicated people who had either found themselves in a similar situation, or had worked with people who had experienced an accident or serious illness. The online guide can be viewed at [www.business.vic.gov.au/illness](http://www.business.vic.gov.au/illness). It was designed to provide an easy-to-understand, practical resource guide for small-business owners facing a critical illness. Since the web content was first launched in 2009 the response has been very positive. One resource people have found to be useful is the Critical Information List. When filled out carefully this list captures key financial information and is a detailed file that can be used by someone appointed to act on behalf of a small-business owner unable to operate their own business. It's advisable for everyone to develop such a list, whether or not they are in business, but the list should be stored somewhere safe, such as at an accountant's office. One lady, Mary Dent, who went into business after a cancer

diagnosis, cannot speak highly enough of the website. When the website was launched Mary was among the first to complete the critical information list and she continues to access the website for any relevant information she requires. We asked Mary if she would do a test read of a draft copy of *Are U Ready?* Her comment was, 'As someone who has faced a life-threatening illness I know that life can change at any moment. I understand the importance of a business operator having a well-documented plan in case of a disaster. *Are U Ready?* guides you through, step by step, all the aspects relevant to business and personal circumstances for disaster planning. It is clear and concise, and the templates are user friendly. Because of my vulnerability I continue to keep my critical information list updated. I think you have done a wonderful job.'

**So rather than do a rewrite for this book when so much valuable information has already been researched and developed, Sandra approached Small Business Victoria and was given permission to use some of the original material. It has been amended slightly to incorporate accident as well as illness.**

## Planning

Accidents/illnesses that can interrupt business tend to be unpredictable. An accident or serious medical condition might force a small-business owner to take weeks, months or years away from work unexpectedly, and sometimes an owner may never be able to return

If you have been diagnosed with a life-threatening illness or you have been involved in an accident, you've had a horrible shock. No matter how hard you try you're not going to be able to work as you have done in the past. Your concentration is not going to be as good, not only because of the shock of the news, but also because of the sense of grief and loss that you're going to feel and, for people undergoing treatment, the side-effects of that treatment. It's quite common for people in this situation to find that they can't think clearly at all.

Planning for the possibility of an accident or illness can and does make a huge difference to the impact the disaster can have on your life and your business, and the amount of planning you have done has an equally proportional impact on the length of time it may take to regain a sense of 'normality' after the disaster has hit.

When you are preparing an accident/illness recovery plan you need to consider the one or more people who care for the person most affected. Usually a carer just

goes quietly about doing what is required but sometimes the whole experience can lead a carer to re-evaluate his or her life, which may impact on the business.

### Key step 1 – Identify and analyse potential risks

When considering planning for minimising the impact of an accident/illness on the business it's important to consider first the risks most likely to occur then develop a strategy as to how a business owner might respond if a risk comes to fruition.

- **People**
  - Death of or injury to business owners or workers or their families can occur not only at work but also outside of work hours e.g. sporting accidents at weekends or motor accidents. Long-term illness of a worker or in a worker's family can have a profound impact on your business. What impact might prolonged recovery of injured/ill workers have on you and your business? How would you replace the intrinsic knowledge and expertise of yourself and/or those unable to return at all?
  - Think about how you, as a small-business owner, might respond to your own accident/illness, but also consider how your staff may respond. Think

about how you might respond if it were a key staff member suffering the accident or illness. (See Part 1 'The intellectual and psychological impact of disaster' for guides to 'normal' reactions and recovery times from trauma.)

- Consider the benefits of insuring yourself, key people and your business against loss of manpower. Whilst the affected person (you or a staff member) may not be able to return to work for a period of time, funds from the insurance may assist with sourcing and covering the costs of suitable replacements.

- **Processes**

- Think about your normal business processes – paying bills, purchasing stock, running your computer systems, serving customers, working with outsourced services or contractors. Who would take over these individual processes if you or a key worker were absent for a prolonged period of time?
- What formalised planning have you done, where is it stored, who knows about it and who has the responsibility to enact it should it be required?

- **Premises**

- Whilst accidents or illness seldom directly affect the business premises, investigations into workplace accidents can cause premises to be closed for a period of time and may enforce structural upgrades before work activity can recommence, so you need to consider any shortcomings in your premises and their potential for causing accidents, injury or death.

- **Providers**

- What would happen if an accident, illness, injury or death affected one of your key suppliers? What would your alternatives be?

- **Profile**

- Would a workplace accident resulting in death or injury, or the removal of yourself or a key worker affect your business reputation?

Think about the impact that maintenance and safety concerns have had on the reputation of Australia's national airline Qantas and the adverse press that accompanied those issues. Ask yourself how such media scrutiny might affect your business.

- **Performance**
  - Consider the impact of accidents, illness or death on the performance of your business and the ongoing ability to meet the key performance indicators.

## **Key step 2 – Minimise or eliminate risks**

As we have said before in this book, one of the most commonly used risk minimisation tools is insurance. In the case of accident/illness the key types of insurance to consider are business interruption insurance, key personnel insurance and income protection insurance. But there are other risk elimination or minimisation factors that we believe are imperative to be considered when you are planning how your business might recover from the disaster of an accident or illness.

- **People**
  - Consider the safety of your staff and any other person that may visit your premises.
  - Make a 'leadership plan' that sets out who has responsibility to do what in case of an emergency and then consider who is the next in line to take over that role should the first person named be unable to perform those duties

- **Processes**
  - Consider the many processes within your business and work out how to get these back to normal in the shortest possible time.
- **Premises**
  - How safe would your business premises be for reoccupation following an accident?
- **Providers**
  - Do your suppliers provide goods and services in a safe manner?
  - Do the products supplied by your providers meet safety guidelines and regulations?
  - Are your providers appropriately licensed to perform the work you engage them to do?
  - Are your providers insured against risks that you, your staff and/or your workplace might suffer as a result of their actions? For example, one of their drivers might back a truck over one your employees whilst delivering product to your premises.
- **Profile**
  - How might a workplace accident affect your reputation in the marketplace?

- What measures do you have in place to ensure that your staff members are trained to understand and practise the requirements of occupational health and safety legislation to prevent accidents in the workplace?
- **Performance**
  - How would your business perform in a post accident/illness environment? (Obviously this would vary depending on the severity of the accident/illness.)
  - At what speed could your business recover from an accident/illness and how would you ensure that a speedy timetable could be met?
  - What do you think you should do in terms of openness with your customers, suppliers and service providers about the impact of the accident/illness on your business and your plans for getting back to 'normal', particularly in relation to your creditors? Everyone would be more likely to be supportive of your situation if they were kept well informed.

### **Key step 3 — Identify who has to do what should an accident/illness occur**

One of the simplest and most powerful tools for a speedy business recovery from an accident/illness is a clear picture of, and clear directions about, who has to do what should your disaster plan have to be enacted. Using the risk assessment matrix and risk prioritisation template construct a series of checklists of things to be done by appropriate people in your business.

If you are a one-person business it's easy to think that you would have to do everything when disaster strikes, but this is not necessarily true. Think about the person to whom you have given your power of attorney and other people in your support network who could assist should the need arise.

- Determine who would be responsible for co-ordinating people at your work premises should an accident occur. Nominate an appropriate chain of command so that people would not be tripping over one another in a state of confusion.

### **Key step 4 — Determine and plan your recovery contingencies**

Individual recovery contingencies obviously have to be determined by your business type, style and size and, of

course, by the type of accident/illness that has occurred. It is therefore important to spend some time looking at the various contingency elements that might be required to assist your business in its recovery from the impact of an accident or illness.

The first contingency factor to consider is the length of disruption that may be caused to the business. Most businesses can cope with problems arising from temporary or short-term illnesses or accidents using existing personnel and/or through hiring temporary staff. In more severe cases of accident or longer term recovery periods for illness, business owners may have to consider appointing a caretaker and bringing in staff replacements or engaging external resources for extended contractual periods.

Determine your own situation by considering what would happen if somebody were away for two weeks, one month, three months, six months and then for a longer period. What would be the effect on your business if your doctor told you that you had a terminal illness or that you would never be able to work again? What about if it was one of your staff receiving such news? Thinking about an accident/illness disaster in this way will help you gain clarity about who the right person might be to replace yourself or an injured or ill staff member and what might be sources of people replacement (whether short or long term) to ensure the ability of your business to continue.

In 2007 Small Business Victoria published a document entitled *Emergency Contingency Planner* which raises the following relevant points:

- **Examine your legal responsibilities** with a solicitor who can help interpret employment contracts, leases, contracts of supply and insurance policies, and can give advice on your legal options
- **Identify all current payments that can be delayed**, for example, talk to suppliers about deferring payment of invoices temporarily until the business is trading again.
- **Meet with your bank to discuss restructuring any business or personal loans** and check if they are willing to delay loan repayments, mortgage payments and the like until the business is trading again.
- **Contact your regular suppliers** to advise of your situation. If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements.
- **Contact your leasing company** to discuss alternative payment arrangements.
- **Communicate with the landlord** to make arrangements such as temporarily deferring rental payments with an arrangement negotiated for the business to catch up with rent once trading resumes.

- **Contact your industry association** to see what information is available. Industry associations can often assist with information on employment contracts, alternative suppliers, and consultants who may be able to help you manage the emergency.
- **Contact your clients/customers** to advise of your situation. If possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements – similar businesses in your network may be able to assist with supply of product or services.”

### **Key step 5 – Communicate the plan to all the people it refers to**

This fifth stage of your disaster planning is about ensuring that all the people within your business sphere (staff, contractors, service providers), together with your power of attorney and/or caretaker, are made aware of the strategies you have put in place to either mitigate or recover from a disaster situation.

From a planning perspective it is important to consider your communication strategies and make decisions about whether the physical communication will be done by phone, email, text or other means. Once these decisions are made procedural statements can be created and relevant people informed.

The next part of the communication strategy is to train people in that strategy and to then ensure that everybody practises what has to be done so that should an accident/illness happen the process can take over and guide the people.

### **Preparation**

In this section we once again take our planning to the next level by looking at the preparation activities you would need to do to ensure your planning processes could be enacted should they be required. In the Resources section there are tools and checklists to help you with your preparation. Some of the tools may seem like common sense but our experience of working in disaster recovery shows that simple common sense tools are often overlooked.

Once again we’re breaking our recommendations and suggestions into our six subgroups – people, processes, premises, providers, profile and performance.

- **People**
  - Detail your ‘leadership plan’ as set out in the Planning section above. Communicate it to all the people who are named in it so that they know what they will be required to do. Make sure there are backup copies of the plan offsite but readily

available if required and set in place processes that ensure it is kept up to date.

- Establish a 'support list' of people — family, friends, medical and emotional support people — along with contact numbers that you and your team can turn to for help if an accident/illness disaster should occur.
  - Develop a series of contact registers listing your staff, your suppliers and the emergency contacts relevant to your business as shown in examples in the Resources section at the back of this book.
  - Speak with your insurance broker regarding insuring yourself, key staff members and your business against the potential temporary or permanent loss of yourself or these people.
  - Ensure that you and all staff members are conversant with the occupational health and safety requirements relevant to your business.
- **Processes**
    - Consider the many processes within your business and determine how you would restore any that are lost because of illness or accident in the shortest possible time.
    - Make sure your 'business emergency go bag' includes a portable hard drive or flash drive loaded with your latest data backup and

important documents such as your critical information list, insurance policies, business registrations and bank documents; and your disaster response plan. Make sure the bag is readily accessible.

- Advise at least two people including your power of attorney where and how to access the safe place where your important documents are stored.
  - Create and maintain an 'emergency messaging' section on your company website that is available as a read-only file but accessible with a login and/or via phone/SMS so that employees, contractors and key suppliers can be kept up to date with your circumstances and recovery progress. The benefit of this is that it can be updated/managed offsite and can be initiated from any computer as can bulk emails/SMS through free software programs like MailChimp.
- **Premises — Preparing your premises for the possibility of an accident means taking all the measures you can to reduce potential risks.**
    - Ensure the environment is kept clear of flammable materials and obstructions to swift evacuation.
    - Install appropriate security-protection devices (e.g. gates, locks, warning systems, monitoring systems) to ensure safety for your staff and clients.



- Ensure there are adequate and properly maintained fire extinguishers, hoses and water-supply points at key areas like loading docks, waste storage and hazardous chemical areas.
- Regularly maintain all equipment.
- **Providers** — Plan to prepare your business to deal with the impact of accident/illness on your suppliers.
  - Ensure that all contract workers have and use appropriate safety equipment.
  - Ensure all providers have appropriate and current licences, registrations or authorities to undertake the work they are engaged to perform.
- **Profile** — Think about how you would prepare a communication strategy to deal with the impact a disaster might have on your public profile.
  - Take photos of safe work practices being observed, appropriate signs and security measures in your workplace to show how you take occupational health and safety legislation and security seriously and as a precaution against possible employee negligence.
  - Keep a file of and perhaps seek media attention for the things your business does well in terms of workplace safety, to create a reputation for caring.

- **Performance** — The ability of your business to meet its targets following an accident or illness will vary depending on the severity of the actual disaster. The important thing to consider in your preparation is the speed with which you would be able to return to normal operation after an accident or illness and the ways in which you and your staff would be able to adapt to the changed circumstances that you would be in.

## Response

The response phase occurs at the time of the disaster and immediately after the crisis happens and your ability to respond effectively can have a dramatic impact on the severity of loss of life and/or limitation of the many negative financial, legal, political, or governmental repercussions on yourself, your family and your business.

Regardless of whether the accident or illness should occur to you or a key staff member you must be able to respond quickly and effectively by putting your disaster response plan into action.

Developing your response plan must include educating your staff about the different types of emergencies that may occur, and training them to respond.

In case of an accident, either yourself or the key staff member who is trained in first aid and is responsible for

the first-aid kit will need to respond quickly, ensuring that all those involved, including any visitors and clients, are safe, and that any injuries are attended to.

As soon as practicable a report must be made to the appropriate authority (in Victoria, that's Worksafe), then families should be advised of the incident using the emergency contact information you have recorded. Once these steps have been attended to you can start assessing the damage and, if applicable, make the building safe.

Often with an accident/illness, especially if you are the one affected, there may not be time to put your response

plan in place (you may need to have a plan drawn up that someone else can initiate on your behalf), so the response here will probably be different from the response to natural and manmade disasters. When considering your response in this section you also need to take into account a workplace injury of an employee. What if the incident were life-threatening or fatal? Response here would generally involve the steps of advising key people of the situation, putting in place procedures previously planned, communicating with key people and informing a wider circle of contacts.

Advice	Procedures	Communication	Information
Advise family Let your GP and specialist know that you are a small-business owner	Contact your power of attorney Delegate appropriate responsibilities to staff and/or family Appoint a senior staff or family member to be the contact person for the business	Put in place your plan for communicating with customers and suppliers	Contact key people such as banks and financial institutions Inform relevant authorities, e.g. Australian Tax Office, insurance or superannuation companies (for income payments) Inform extended family and friends

As part of your response plan you should have delegated authority to a nominated power of attorney (POA). Now is the time to put that authority in place. Remember, you selected this person because you trust them to make important decisions on your behalf in case you are not able to make important decisions yourself in relation to your business.

You will have backed your data up, so give your POA and whoever else within your business or family needs to have this information access to the data. Your POA should have a copy of your critical information sheet, the sheet that captures all the relevant information that will be required in your absence (e.g. bank account(s) details, insurance details, passwords etc.). See the Resources

section for an example of a critical information sheet. Once your POA is in charge any relevant information can be passed on to the person who will be looking after your data and the person you have determined will manage your business whilst you are unable to.

One of Sandra's many roles is as a civil celebrant. When she is preparing a ceremony she always saves a copy of it onto a website where it can be accessed by a fellow celebrant in case Sandra has an accident or becomes ill and is unable to perform the ceremony. Part of her procedure is to inform at least two celebrants of the pending date, what the service is filed under, the venue and time for the ceremony and the contact details for the important people involved in the ceremony, one of whom is requested to have their mobile phone switched on and available prior to the ceremony. Sandra has also informed and trained her staff member (her husband!) so that the procedure can be activated. Imagine the situation for a wedding ceremony, for example, if something went wrong and Sandra did not have her response plan ready to go.

As your business may be a one- or two-person business without human resources, communications or

operations departments, or indeed any staff at all, it is vital to have all your processes fully documented so that in the event of an accident or sudden illness someone, either your POA or someone with business capability, can come in and keep your business operating until there is time to consider the all-important decision of 'what now'? Are you going to sell the business or are you going to hand it over to a caretaker or a successor?

Not communicating your own serious illness to staff would be risky. Your treatment might mean you were away from the business for a good deal of time. Staff should be kept fully informed so that they feel trusted to do their best in a changed situation. It is also important that clients and suppliers be informed as quickly as possible of the situation.

If an accident or illness should befall you let your general practitioner and any specialist(s) know that you are a small-business owner and the decisions that you and they are making affect your livelihood and the livelihood of people who work for you. If your medical people know that you're concerned about your business they may be more helpful in timing any treatment you must have and in understanding your reactions

Other key people who would need to be informed of an accident or illness affecting your business would be your bank manager, financial adviser, accountant, and insurance and superannuation providers. If they

are informed they can consider suspending mortgage payments during your treatment or until you have recovered from your accident if it's yourself for whom this disaster has occurred.

## **Recovery**

As we've pointed out before, small business generally faces the toughest road to recovery after a disaster, often because the small-business owner doesn't have access to resources that large business and corporations have such as capital and people. As many small-business owners can attest, the road is long and it can be very bumpy. However, the journey can be made easier by putting in place your business recovery plan.

Whilst some of the points we have made about recovery after a natural or manmade disaster can relate to recovering from an accident/illness disaster, there are some things that are different. A small-business operator having the accident or illness himself/herself will probably not be in a position for some time to make important business decisions, which is why it is so important that you, as a small-business operator, should have appointed a power of attorney (POA), a person who has authority to act on your behalf. The very first step you should take when planning for the possibility of an accident/illness

disaster is to choose someone you can trust to help you through such a crisis and make that person your POA.

Once you have completed all the necessary steps in the response phase you can start concentrating on preparing for your recovery phase. Aspects to be considered in the recovery process include dealing with change, assessing your financial position and decision making (re-establishing or exiting from your business). However, one of the most important things to be done to assist with recovery is to try and understand trauma and its impact, not only on your business but also on you personally and on your family and staff. When your livelihood is disrupted or taken away the impact can be devastating. If the emotional impact is neglected or misunderstood it can cause insurmountable grief, which is quite often not understood by others, particularly those who have never owned or operated a business. In our disaster recovery work we have seen this on numerous occasions. When confronted with a disaster you may find that the stress of the pressure you are put under can become all-consuming.

Because of the complexity of the psychological recovery from a disaster we have devoted a section of this book to 'The intellectual and psychological impact of disaster' (see Part 1).

## Communication

Effective communication can be crucial to your recovery from accident/illness. It is important to initiate your communication plan as soon as possible after the event.

If it is you, the small-business operator, who has a critical illness you should gather your staff together and inform them of the situation. You should ensure that they are all aware of their roles and functions during your recovery process. Make sure the person you have planned to back up your role in the business in case of your own illness or accident is ready to take on the task. In the case of an accident to a staff member who has a key role and is unable to carry out the function, again, go to your plan and inform the person who has been chosen to fill the backup role that the time has come for that to be done. Communicate with all staff regularly. Keep the lines of communication open and be sure to continually reassure employees. Involve your staff as much as you can — people need to feel that they are contributing, that they are part of a team. Remember that your staff members are one of your biggest assets if you are recovering from an accident/illness. You will find that people are usually understanding and very generous with their time in trying to help you get your business back on track.

Once the staffing situation is under control the next step would be to contact key people such as financial

institutions, insurance companies, suppliers and clients. By contacting your bank and suppliers you may be able to get assistance to help minimise the stress on your business, and on yourself. You should ask what arrangements can be made in the short term whilst you are assessing your financial position, and discuss alternative solutions should you not be able to meet current commitments or make repayments. You should advise your suppliers of your position and ask for an extension on any accounts that may be due.

## Insurance

It is very important for you as a small-business operator to be aware of your superannuation and insurance rights, especially any disability benefits that can be claimed when you stop work. WorkWelfareWills (see **[www.chronicillness.org.au/workwelfarewills/index.htm](http://www.chronicillness.org.au/workwelfarewills/index.htm)**) is a plain English web guide to legal issues around health and life changes. It was produced for use in Victoria only, so some of the laws will be different in other states of Australia (see **[www.chronicillness.org.au/workwelfarewills/disclaimer.htm](http://www.chronicillness.org.au/workwelfarewills/disclaimer.htm)**).

A simple but effective way of fast-tracking any insurance claims is to have all your relevant information documented (and regularly updated) and safely stored, and have a copy lodged with your power of attorney.

## Dealing with change

While you would prefer everything to return to the same as it was before the disaster, unfortunately both you and your environment will be changed forever. You will need to contend with this change. You will no longer be the person you were nor will your business be the same because your staff, clients, community and markets will also be changed by their experience of the accident/illness.

To succeed after a disaster your mindset and your business must change to respond to the effects caused by an accident/illness. This can be extremely difficult, particularly for those who have never been good at coping with change. You will need to be innovative, and you will need to motivate and inspire staff and clients. To succeed, you must embrace change yourself, though that may be a tough call. On a positive note, however, there may be windows of opportunity opening for you and your business.

Remember that change can be the catalyst for opening up new opportunities. Discuss your business ideas with a business adviser/counsellor/mentor. They may help you explore potential new products, services and markets.

## Now is the time for some decision making

At this point in planning how you might recover from an accident/illness disaster striking your business you will find that there are decisions to be made as to which direction you will or should take. You will need to think carefully through every alternative before making a decision.

You should not hesitate to ask for help. Remember you would not be operating under normal circumstances if you found yourself in this situation and your judgement could be clouded. It would be imperative to get someone to advocate on your behalf to help reduce the stress and fatigue you would be likely to encounter.

As a small business moves from disaster response to disaster recovery, the business owner/operator is faced with many tough questions and forced to make some very important decisions, perhaps at the same time trying to deal with personal trauma. In this situation it is really helpful to call on your power of attorney (POA), the person you trust to act in your stead. Your POA will be invaluable in helping to make those important decisions for you. If you don't have a POA (and you should have!) you might consider utilising one of the support and referral services available to give such assistance. In Victoria you could contact the Small Business Mentoring Service or the Rural Financial Counselling Service. Both

organisations provide free confidential services in the aftermath of a disaster.

If you did not have a POA (and you should have!) and you wanted someone to act on your behalf you would need to have a signed letter of authority for that person, particularly in matters financial and legal. (See the example in the Resources section.)

If an accident or illness were to strike you or your business you might be faced with one of the biggest decisions that you, as a small-business owner, would ever need to make – what should you do with your business?

Options you might need to consider would be:

- selling your business
- closing the business
- getting a caretaker to run the business on a temporary basis
- handing over to someone on a permanent basis (also called succession)
- making big changes to your lifestyle and continuing to work

This is a huge decision so you should take your time and not do things too hastily. The decision is not something we recommend you make on your own without significant thought, discussion and advice. What you decide will depend on the financial strength of the business, the stress of the accident/illness treatment, and the expected

time that will be needed for recovery from the accident/illness. You would need to enlist appropriate guidance and support and gather all the information available so that you can discuss your options. You should ask advisers to act as advocates on your behalf, asking creditors to wait, and helping staff to understand whatever decision you might finally make. Decisions made at this point concerning your business, if not thought through very carefully, could be detrimental to your future and to the livelihood of others, and might also have an impact on the broader community.

Before any decision could be made you would have to work with your advisers to assess your financial position, both current and likely in the event of reopening.

As stated earlier, CPA Australia provides the following advice to small businesses affected by a disaster.

- *Take time to evaluate your financial position before making a decision to continue your business. There may be substantial outgoings before you can restart (and therefore you will need to know how you are going to pay for such outgoings if, in fact, you can afford them) or there may be a significant period before the business can start trading again (and therefore you must rely on existing sources of cash and other assistance until that time). Fully understanding your financial situation and taking time to evaluate*

*your position can assist you when making claims for insurance such as business interruption insurance.*

- *In order to decide on how to finance the continuation/reopening of your business, you should prepare forecasts to see whether you can afford your preferred financing method. Cash flow forecasts will help to demonstrate whether your business will be able to meet your obligations as they fall due, and the profit and loss forecasts indicate whether the business may be profitable into the future. It is important that the assumptions you use in the forecasts are realistic. List the assumptions. It may be very difficult to make assumptions in a post-disaster environment — past experiences may no longer be relevant and your market may shrink, at least in the short term. The forecasts will shed light on the future viability of your business. Lenders and potential investors will make their decisions on whether to lend or invest in your business on the future viability of your business.*

## **Exiting your business**

Some small-business people affected by an accident/illness will make the decision to wind up their businesses. Some will seek to reopen but when they go through the processes described above they will decide that they

would rather wind up their business. Some will go through reopening their business but will decide in a relatively short time to wind it up. CPA Australia explains that the reasons why businesses are wound up are many — a disaster may just bring some of those reasons to the fore.

CPA Australia suggests a number of factors to be taken into account when deciding whether to exit a business.

*Have you considered that your business may fail if you restart it? Failure could occur for a number of reasons:*

- *having insufficient funds to recommence operations, or if you do recommence, having insufficient funds to continue operating*
- *carrying too much debt that you are unable to service*
- *having inadequate cash flow*
- *having a limited range of products or services or the wrong range of products and services (slow moving and/or low margin)*
- *finding that your former customers/clients are no longer coming to you, perhaps because your location is no longer as favourable in a reconstructed business district*
- *lack of planning for the reconstruction and an inability to adapt to the new environment*
- *poor credit controls and inadequate debt collection*



- *ill-health of the owners and key employees*

*Have you considered the consequences of business failure, including trading while insolvent?*

- *Under Australian law, insolvent trading is defined as 'not being able to pay debts as and when they fall due'. It is a very simple formula. Once you are concerned that you may not be able to pay, then action must be taken.*
- *Insolvent trading is an extremely serious issue for both business and the business owners.*
- *If a company continues to trade while it is insolvent, the consequences can be devastating for the directors.*

There are several ways in which a business owner can exit their business, including:

- selling the business
- passing the business on to a family member, partner, employee or other stakeholder
- merging the business with another business
- closing down the business — selling the assets and ceasing to trade
- liquidation — liquidating the business and selling the assets
- forced closure — filing for bankruptcy

If you decide to exit your business don't leave it until it's too late. Ask for help!

If you are considering exiting from business, further guidance can be found in the CPA Australia publication Guide to exiting your business at [www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB\\_D90C5248/cpa/guide\\_to\\_exiting\\_business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB_D90C5248/cpa/guide_to_exiting_business.pdf).

Exiting your business can be quite painful emotionally — after all, for most small business operators their business is an integral part of who they are. Be sure to seek assistance from a psychological counsellor as well as a business support mentor/counsellor. Many people forced into exiting their business due to unforeseen circumstances and circumstances beyond their control go through the same sense of loss and grief as when someone close to them dies.

Other points of recovery relate to:

### **ATO (Australian Tax Office)**

There would be potential tax issues emerging from a business being affected by a disaster. The Australian Taxation Office (ATO) can help individuals and businesses that have been affected by an accident/illness (see [www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm](http://www.ato.gov.au/corporate/content.asp?doc=/content/00179960.htm)). Assistance may include:

- fast-tracking of refunds

- extra time to pay debts
- more time to meet activity statement, income tax and other lodgement obligations
- support if you are suffering financial hardship as a result of the accident/illness

The following information is connected to and borrows from the online resource 'Illness and business management plan', developed by Small Business Victoria, and is presented here with permission.

### **Selling your business**

Selling your business successfully requires pre-planning and assessment of why, what, to whom and when you are selling. Planning is essential for selling a business successfully. Your planning should involve making specific decisions about why you are selling, what will be sold, who it will be offered to and when to offer it.

You should be very specific about what is being sold. If you've run the business under a company structure, buyers will be mainly interested in your business assets and operations, not the company itself. And selling a company does not just mean selling the business; it also involves disposing of all its debts and liabilities, such as outstanding loans, overdrafts, taxation, trade

creditors, current orders, non-compliance with statutory requirements and complaints by previous customers.

You will need to clearly itemise the assets (equipment and goods) owned by the business that will form part of the sale.

If you're the owner of both the business and the property (often referred to as 'freehold'), you need to decide if you will include the property in the sale. If the property is not included, the selling price will be more affordable so you'll attract more buyers. Holding onto the property may also provide rental income. On the other hand, it's also possible a buyer may be more attracted to the property than to the business.

Businesses are frequently handed over to family members. Family members may expect first right of refusal for purchase of the business. Employees of the business are also potential buyers. Decide if the business will be offered to management, staff or family before engaging a business broker or placing advertisements in the general media.

As a general rule, the best times to sell are when the business and your customers or clients are peaking and the industry is likely to attract great interest. Make sure any key contracts (e.g. your retail lease agreement) are not too close to expiry.

## **Succession and contingency planning for business**

Succession and contingency plans help reduce the disruption to business if a business owner or operator retires, becomes ill or disabled, or dies. A good succession or contingency plan, created in advance, can actually increase the value of a business.

Succession and contingency plans can be used as a guide to manage transition from one owner to another, and assist the new owner or manager in anticipating and managing change. To be useful, the plans should be realistic and workable.

### **Developing a succession plan**

Each business succession plan is unique. The plan will vary depending on the owner's objectives, family situation, financial position, health, age and a host of other considerations.

A family succession plan can incorporate business trusts, gifting, sale or part-sale to family members.

A non-family succession plan can involve full or part-sale to minority or employee owners or be an open market sale. Other variants depend upon how the owner exits the business or future involvement after the sale.

## **Getting a temporary caretaker for the business**

A possible scenario is hearing from your doctor that you will never be able to work again, or that your illness is terminal. For worst case scenarios like these, getting a caretaker (sometimes called a 'locum') is often the best solution for both the owner and the business itself. Being prepared and doing some research will help you find the right person. Your critical information list would be a very useful tool to give your caretaker so they can make decisions and act on your behalf.

To create your list, use the **Critical Information List (DOC 218 KB)** template.

### **Use experts to find the right person**

Getting a caretaker in is not a matter of simply employing another member of staff. You will be putting your trust in this person to manage your business so it keeps operating efficiently and profitably. If none of your employees is suitable, use a recruitment company. For a fee they will source and interview candidates to get the best possible match with the role needing to be filled. This is money well spent.

Before you find someone to fill in, make sure you go through the **Business handover steps** recommended by

Small Business Victoria (**see [www.business.vic.gov.au/illness](http://www.business.vic.gov.au/illness)**).

When the crisis that is your accident or the diagnosis of your illness, and the appropriate treatment is over, you must think about the future and how your small business might fit into your future. Would you continue on with your business or not? If you decided to continue then remember that getting back to work can be a long slow

process. Each person will have a different experience. Don't rush. Discuss returning to work with your doctors. Make sure you inform them fully about returning to work and about any fears or concerns you may have in this regard.

# Resources

**This section contains a series of tools that we think you will find useful, plus links to web pages that will give you access to even more helpful material.**

	Page
<b>Checklists</b>	
Response Checklist – Evacuation Procedure	
What To Take When You Evacuate	
Critical illness and communication	
Checklist: Strategies to deal with a critical illness	
<b>Links</b>	
Australian Psychological Society <i>Psychological preparation for natural disasters</i>	
<b>Australian Tax Office</b> <i>Guide to dealing with disasters</i>	
<b>Beyond Blue</b> <i>Fact Sheet 6, Reducing stress</i> <i>Fact Sheet 28, Grief, loss and depression</i> <i>Looking after yourself and your family after a disaster</i>	
<b>Chronic Illness Alliance and the Law Foundation of Victoria</b> <i>WorkWelfareWills</i>	
<b>CPA Australia</b> <i>Reconstructing financial records after a disaster: Checklist of potential sources of information to assist with reconstructing financial records after a disaster</i> <i>Checklist for reopening your business after a disaster</i> <i>Guide to exiting your business</i>	
<b>Queensland Government</b> <i>Business Continuity &amp; Disaster Preparedness Checklist</i>	

	<b>Page</b>
<b>Small Business Victoria</b> <i>Emergency Contingency Planner</i> <i>Critical Information List</i>	
<b>Tourism Victoria</b> <i>Crisis Essentials</i> <i>Customers who want to cancel –guidance for tourism businesses</i> <i>Open for business: A comprehensive guide to crisis management for tourism business</i>	
<b>Templates and tools</b>	
Risk Severity Matrix	
Risk Prioritisation Template	
Asset Register	
Evacuation Plan	
Staff Contact Register	
Emergency Contacts Register	
Supplier Contact Register	
Critical Business Functions	
Crisis Communications	
Disaster Recovery Kit	
Emergency Communications	
Vendor Assessment	
Phone Recovery	
Recovery Overview	
Risk Assessment	
Table Top Exercise	
Unique Supplies	
Critical Information List	
Medical information template	
Sample letter of authority	

## Checklists

<b>Response Checklist – Evacuation Procedure</b>			
<b>Action</b>	<b>Whose responsibility?</b>	<b>Relevant contact numbers</b>	<b>Initial, including time and date, when completed</b>
Raise alarm	Whoever sees/finds the disaster first		
Notify everybody on the premises to go to the known emergency rendezvous point	Section fire/emergency wardens, who grab their GO packs, including contact numbers for all staff in their sections, and visitors if possible, or receptionist grabs visitor log		
Call relevant authorities Inform authorities of location of disaster Tell authorities where people have been relocated to		000 – ask for fire, ambulance, and/or police	
Notify business owner if not on premises		Call Fred – owner 0400 000 000	
At emergency rendezvous perform head count to ensure all people are accounted for	Section fire/emergency wardens		
Is everyone accounted for?	Section fire/emergency wardens		
If YES – wait for 'all clear' or await further instructions from authorities	Section fire/emergency wardens		
If NO – identify who is missing and notify the manager in charge of their last-known locations	Section fire/emergency wardens		

### Response Checklist – Evacuation Procedure

Action	Whose responsibility?	Relevant contact numbers	Initial, including time and date, when completed
Notify authorities of missing persons and last known locations	Manager in charge		
Try phoning missing people to check their whereabouts	Section fire/emergency wardens	Use section staff lists from GO packs and visitors' log if necessary	
Make a list on the reverse side of this form of any people missing/ contacted, with notes about what transpired	Section fire/emergency wardens		
Notify next of kin of staff members who are injured or missing	Manager in charge		
Return to work once 'all clear' is pronounced	Section fire/emergency wardens		
Follow instructions from authorities if workplace is closed	Manager in charge		



## WHAT TO TAKE WHEN YOU EVACUATE

When an evacuation takes place at work, employees often don't know what to take with them and what to leave behind. You've heard the terms before: "Bug Out Bag", "Go Bag", "Grab Bag" and more. These are all terms to describe quick access emergency kits that hold all your important tools and possessions in a single, easy to reach location.

In order to make your recovery as smooth as possible, we encourage you to educate your employees on the items they may want to bring with them in the event of an evacuation. To help you with this process, we have created the following checklist of suggested items. Keep in mind, these are just suggestions. This is not a complete list, nor are we suggesting that you plan to carry all of these items. Some may be unnecessary or not applicable in your personal situation. Remember, above all, your own safety and the safety of others should be your primary goal.

Here are a few tips to keep in mind when planning for an evacuation.

- The items you would like to include in your "go bag" should be close by, at all times. Time wasted collecting items before evacuating could be a serious, even deadly mistake.
- The items you plan to take with you should be easily accessible and easy to carry – hence the suggested use of a bag to contain them all in one place.
- This collection of tools and possessions should be the *bare minimum* you would need in the event of a crisis taking place in your office or business.

✓	<b>Suggested Items to include in an Business/Office Evacuation "Go Bag"</b>
	Cellphone or PDA, containing key emergency contacts, passwords, etc., and charger
	Identification and wallet/cash/credit cards
	Car/House keys and office keys or passcard
	Laptop & Charger
	Office Phone Roster (including personnel emergency contacts' information)
	Office Floor Plans (to aid in possible search/rescue efforts)
	Calendar/Day Planner
	Server Backup Tapes or Drives
	Disaster Plan or Emergency Procedure Manual
	Flash Drive with critical documents, employee information, emergency plans/procedures, asset inventories, insurance information,
	First Aid Supplies
	Any Personal Medications
	Password Book/Document
	Basic Office Supplies (pen & paper)
	Network Cables (Ethernet)

Above all, any evacuation plan, emergency procedure or disaster plan should protect the safety and well-being of all employees and guests in your office. However those who take the extra time to keep important belongings and tools close at hand in the event of an emergency may recover from a disaster more quickly and easily with these items in their possession.


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Copponsorship Authorization #10-2110-16

## Small Business Victoria: Checklist Checklist: Critical illness and communication

### The basics:

If you're a business owner with a critical illness, communicating this to other people will mean more than just having a chat. If you've only recently been diagnosed you'll be in a state of shock, partly because of the illness itself and partly because of the treatment e.g. major surgery or a course of chemotherapy. This checklist will help you talk clearly and positively to the people who matter.

Who to talk to	What to say	Done 
<b>Talk to your doctors</b> Be very open with your doctors when discussing your treatment and chances of recovery. They need to know you're running a business which will be directly affected by their decisions about your treatment, especially if you're also an employer.	Doctors are just like the rest of us; some are good communicators and others are not. Don't assume they know how small business works. Tell them how the business could be affected e.g. your cash flow and the jobs of your employees.	
<b>Talk to the people closest to you</b> Make a conscious decision to inform the people who are closest to you, which in most cases mean family and friends. Think about the best way of doing this, either individually or semi-formally e.g. inviting them to a family gathering.	These are the people you trust the most and they should be informed of the illness, treatment and your chances of recovery. You may need to rely heavily on them if they are appointed as your power of attorney, so try to be as open as possible.	
<b>Talk to your business associates</b> When you've decided which partners, suppliers, and customers or clients you're going to tell, it will help a lot if you've also decided what to do with the business. They will want to know if you're selling, closing or handing over the business.	If you're selling, key customers or clients could be part of the sale contract. Similarly, if you're handing the business over to either a caretaker or a successor, your current associates will want to know if they can deal with the new management.	

Who to talk to	What to say	Done 
<p><b>Talk to your staff</b> Deciding who you will tell is your decision, but not communicating a serious illness to staff is risky. Your treatment will probably mean you're away from the business a lot. If this is not explained, staff could feel they are not trusted or valued.</p>	<p>Work out the best way of telling your staff. If there are only one or two this could be done individually. For more staff it may be better to call a staff meeting. You may have to let a support person make the announcement on your behalf.</p>	
<p><b>Get your finances in order</b> Key people here will be your bank manager, financial adviser, accountant, and insurance and superannuation providers. Think of anyone else who will need to be told of your financial situation e.g. creditors or other investors in the business.</p>	<p>Most banks and financial institutions will consider suspending mortgage payments during treatment for a critical illness. Other options which can provide relief are income protection insurance and early access to superannuation.</p>	
<p><b>Get advice and support</b> Get advice and support from the Cancer Council Helpline (13 11 20) and the Heart Foundation Helpline (1300 362 787). Helplines for other critical illnesses are also available.</p>	<p>Ask for specific advice on how to communicate your health situation to the people who matter. Those people can also use this service to ask questions about your illness and treatment.</p>	
<p><b>Find a mentor at the Small Business Mentoring Service website (sbms.org.au).</b> An SBMS mentor can help you deal with your illness and your communication with business-related people.</p>	<p>Ask your SBMS mentor about their experience with serious illness. Having this sort of ongoing support can really help during the ups and downs of your treatment and recovery.</p>	

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## Small Business Victoria: Checklist

### Checklist: Strategies to deal with a critical illness


#### The basics:


If you've been diagnosed with a critical illness, you may still be able to work but it won't be like you're used to working.

Common causes of stress are:

- symptoms of the illness itself
- a sense of shock and inability to concentrate
- the treatment and its side effects
- a sense of loss and grief

**To deal with this stress and to stay positive, you need to develop day-to-day strategies. From the checklist choose the strategies you think will work for you.**

Checklist strategies	Done 
<b>Use these to help you work better</b> If you don't already have a diary, get a reasonably big one you can write in. At the end of each week write down your goals for the following week, and every night write down your main tasks for the next day.	
If you're not used to delegating responsibilities to others, get used to it. Start delegating specific tasks to key staff or subcontractors and ask them to report back. This can make a big difference to your workload.	
Negotiate with your business partners or colleagues to work from home, or at least to have the flexibility of working from home if you're not well enough to be at work, or your job doesn't require you to be there.	
If you're still working normal business hours and your treatment requires regular sessions (e.g. chemotherapy or radiotherapy), arrange these sessions for times which suit you e.g. late in the afternoon.	
Note the time of the day when you usually have the most energy. Set this time aside for essential business.	

Checklist strategies	Done 
When organising your appointments, ask for a text message reminder to be sent to your mobile phone.	
Timetable lots of rest periods into your normal working day. Be positive and call them 'powernaps'.	
Check with your doctor what you should be eating and drinking at work, and how you should be exercising.	
<b>Use these to get more out of meetings</b> Whenever it is possible, arrange to have face-to-face meetings at your premises to conserve your energy.	
Get on top of face-to-face meetings by preparing a list of points in your diary which you want discussed.	
Have a support person with you at important meetings, whether they're business meetings or meetings with your doctors. If you're having a bad day they can ask your list of questions and keep a written record.	
Spend time after important meetings writing up key points, actions to be taken and dates to be completed.	
<b>Use these whether you're still working or not</b> If you're suffering from loss and grief, get some ongoing, professional grief counselling. Ask your doctor about a counsellor near you, and visit the National Association for Loss & Grief website ( <a href="http://nalagvic.org.au">nalagvic.org.au</a> ).	
Find out about the benefits of meditation and set aside regular times to meditate. Some health insurance companies have rebates for regular attendance at meditation sessions offered by healthcare providers.	
Find a mentor who has recovered from a critical illness. Use the Small Business Mentoring Service ( <a href="http://sbms.org.au">sbms.org.au</a> ), the Cancer Council Helpline ( <b>13 11 20</b> ), or the Heart Foundation Helpline ( <b>1300 362 787</b> ).	
Keep your daily routine as simple as you can and take one step at a time.	

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## Links

### Australian Psychological Society

*Psychological preparation for natural disasters*

[www.psychology.org.au/publications/tip\\_sheets/disasters/](http://www.psychology.org.au/publications/tip_sheets/disasters/)

### Australian Tax Office

*Guide to dealing with disasters* (see [www.ato.gov.au/corporate/content.aspx?doc=/content/00179960.htm](http://www.ato.gov.au/corporate/content.aspx?doc=/content/00179960.htm))

### Beyond Blue

Fact Sheet 6, *Reducing stress* (see [www.beyondblue.org.au](http://www.beyondblue.org.au))

Fact Sheet 28, *Grief, loss and depression* (see [www.beyondblue.org.au](http://www.beyondblue.org.au))

*Looking after yourself and your family after a disaster*

### Chronic Illness Alliance and the Law Foundation of Victoria

WorkWelfareWills [www.chronicillness.org.au/workwelfarewills/index.htm](http://www.chronicillness.org.au/workwelfarewills/index.htm)

### CPA Australia

Many practical templates were created by CPA Australia in the aftermath of the Black Saturday bushfires — go to [www.cpaaustralia.com.au](http://www.cpaaustralia.com.au) and enter 'disaster recovery' in the search box to reveal all available items. Some recommended templates are ...

CPA Australia: *Reconstructing financial records after a disaster: Checklist of potential sources of information to assist with reconstructing financial records after a disaster* ([www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/reconstructing-accounts.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/reconstructing-accounts.pdf))

CPA Australia: *Checklist for reopening your business after a disaster* (see [www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/Checklist-re-opening-your-business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/Checklist-re-opening-your-business.pdf))

CPA Australia: *Guide to exiting your business* (see [www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB-D90C5248/cpa/guide\\_to\\_exiting\\_business.pdf](http://www.cpaaustralia.com.au/cps/rde/xbcr/SID-3F57FECB-D90C5248/cpa/guide_to_exiting_business.pdf))

### Queensland Government

A useful planning checklist is the Business Continuity & Disaster Preparedness Checklist created by the Queensland Government and available at [www.business.qld.gov.au/\\_\\_data/assets/word\\_doc/0005/15296/Business\\_Continuity\\_Plan\\_Template.doc](http://www.business.qld.gov.au/__data/assets/word_doc/0005/15296/Business_Continuity_Plan_Template.doc)

### **Small Business Victoria**

Many practical tools and fact sheets on all aspects of disaster recovery Planning, Response and recovery are available at [www.business.vic.gov.au](http://www.business.vic.gov.au) — entering Disaster recovery in the search box will reveal most of these. Some specific ones we believe are of value include...

Small Business Victoria (2007) Emergency Contingency Planner (<https://services.business.vic.gov.au/vbmk/getattachment.do?type=faq&id...>)

Critical Information List [http://www.business.vic.gov.au/\\_\\_/data/assets/word\\_doc/0017/20681/critical\\_information\\_list.doc](http://www.business.vic.gov.au/__/data/assets/word_doc/0017/20681/critical_information_list.doc)

### **Tourism Victoria**

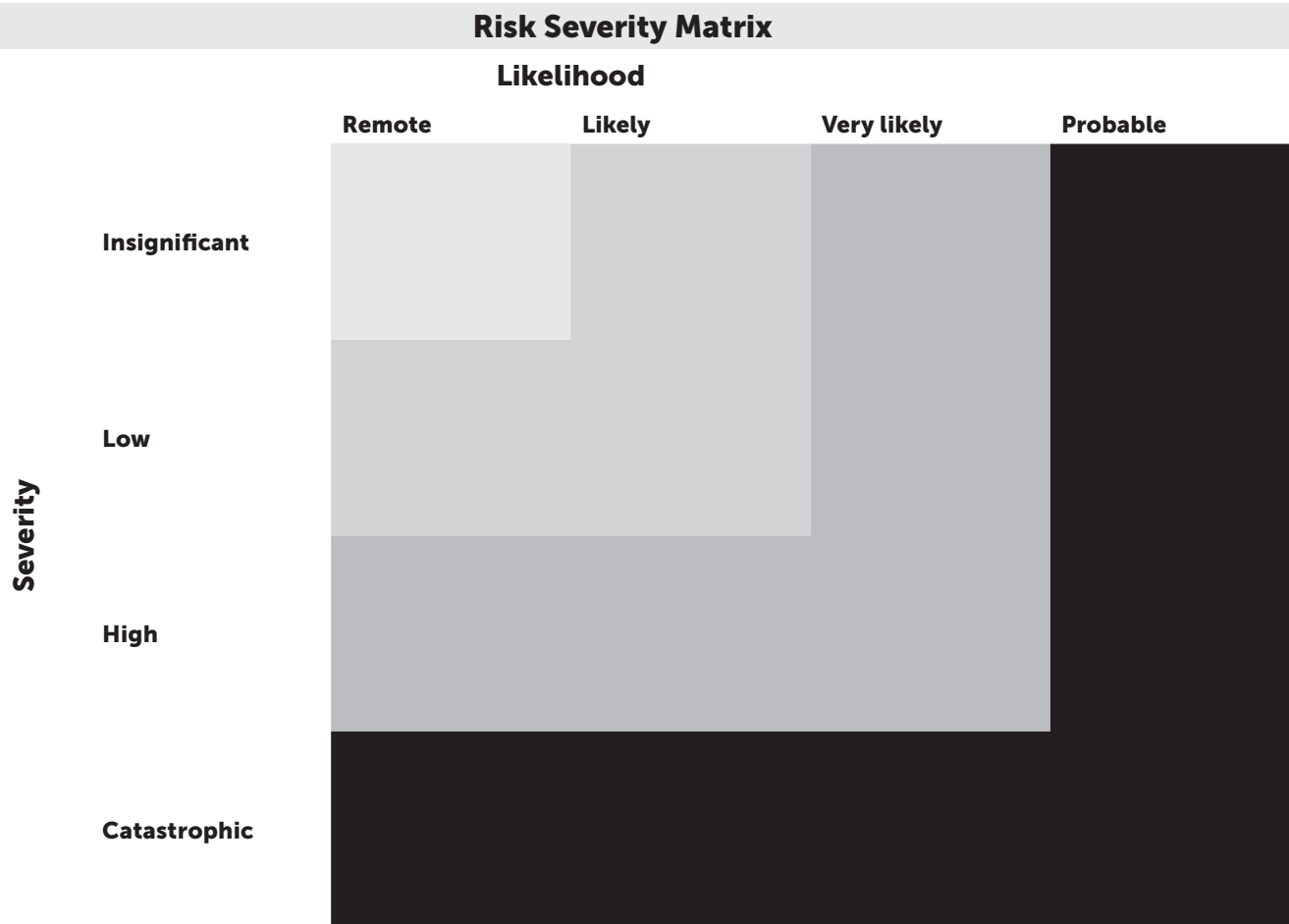
Crisis Essentials prepared by Tourism Victoria is a useful guide containing tips relevant to tourism businesses

[www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/crisis\\_essentials.pdf](http://www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/crisis_essentials.pdf)

*Customers who want to cancel —guidance for tourism businesses* [www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/CUSTOMERS-WHO-WANT-TO-CANCEL.pdf](http://www.tourism.vic.gov.au/images/stories/Documents/IndustryResources/CUSTOMERS-WHO-WANT-TO-CANCEL.pdf)

*Open for business: A comprehensive guide to crisis management for tourism business* [www.tourism.vic.gov.au/industry-resources/industry-resources/open-for-business/](http://www.tourism.vic.gov.au/industry-resources/industry-resources/open-for-business/)

## Templates and tools





## Risk Prioritisation Template

**Business Name:**

**Location:**

**Date of Plan:** / / **Version Number:**

Priority	Identified risk	Likelihood	Severity	Responsibility	Minimisation action	Contingency action	Actioned by	Action date	Reviewed by	Review date
1–5	(description)	(from risk matrix)	(from risk matrix)	(name or position)	(description)	(description)	(name)			(name)

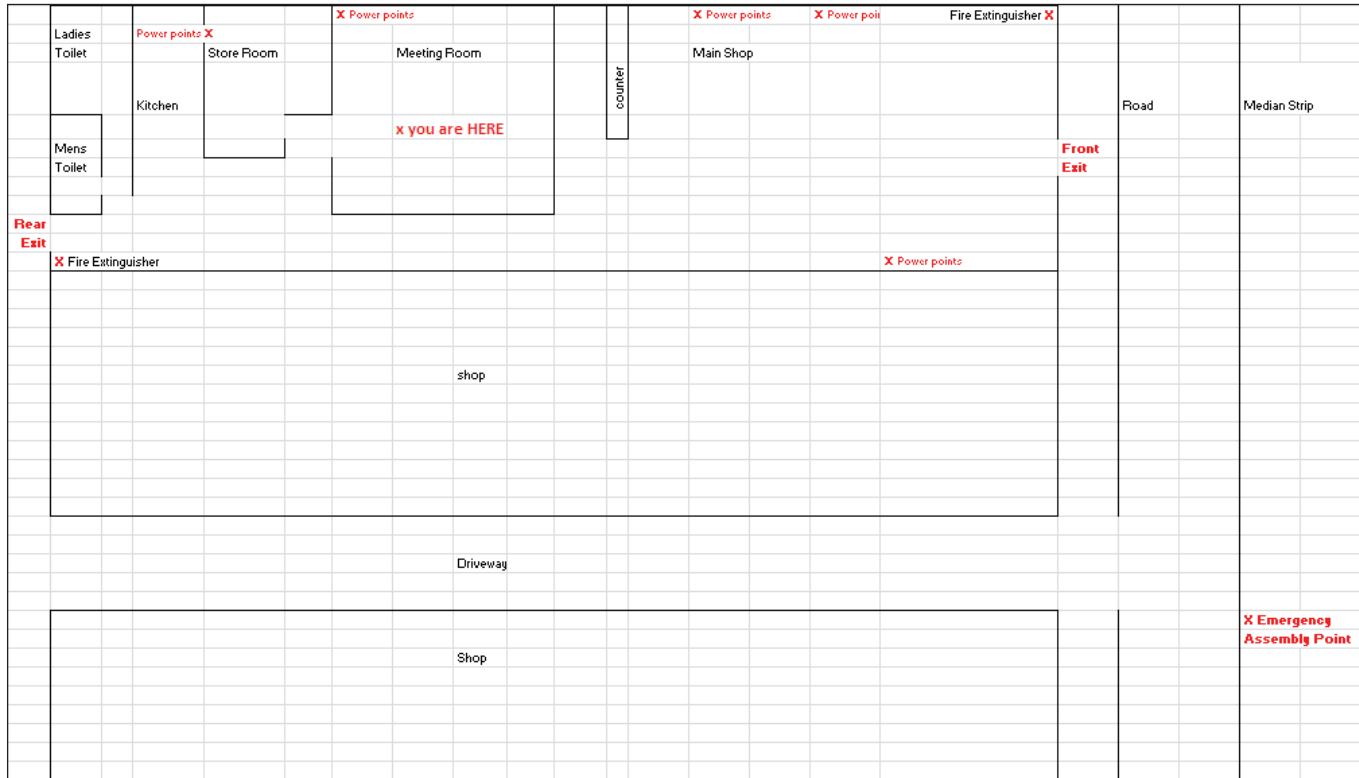
1	Threat of total destruction from bushfire	Very likely	Catastrophic	Owner/Manager	<ul style="list-style-type: none"> <li>• Clear surrounds of debris</li> <li>• Arrange insurance against risk</li> </ul>	Relocate to nearby town				
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A copy of this spreadsheet along with other templates is available at our website – [www.AreUready.com.au](http://www.AreUready.com.au)

## Asset Register

Description	Quantity	Serial number(s)	Date purchased	Photo number(s)
Laser printer	1	1234567GH	30.4.10	2, 3 and 4

## Evacuation Plan



### Staff Contact Register

Name	Address	Contact Number	In case of emergency, contact	Relationship	Contact Number	
John Smith	12 A Street, Boyd town	0412345678	Jean Brown	Partner	0423456789	

### Emergency Contacts Register

Type	Company	Contact Person	email	phone
Accountant				
Air conditioning (heating or cooling)				
Building – landlord/agent				
Building – lease				
Building – insurance				
Building – repairs				
Business coach/mentor				
Business equipment – fax machine/s				
Business equipment – photocopier/s				
Business equipment – printer/s				
Business equipment – other				
Cash register/s				

## Emergency Contacts Register

Type	Company	Contact Person	email	phone
Computers – hardware systems				
Computers – maintenance				
Computers – software systems				
Computers – web design/SEO or other providers				
Electrician				
Electricity supplier				
Financial institution/s				
• business account – primary				
• business account – other				
• merchant facility				
• loan account/s				
Fire detection equipment (alarms/sensors)				
Firefighting equipment				
Gas supply				
Generator(s) or back-up power supply				
Insurance broker				
Insurance				
• business interruption				
• general				
• income protection				
• landlord protection				
• professional indemnity				

### Emergency Contacts Register

Type	Company	Contact Person	email	phone
• public liability				
• superannuation				
Lawyer/solicitor				
Lifts and/or escalators				
Locksmith				
Mail services/post office				
Plumber				
Refrigeration system/s				
Security system/s				
Telephone provider/s				
• landline/s				
• mobile/s				
• VOIP				
Water supply				

### Supplier Contact Register

Company	Contact	Position	Email	Contact Number
Brown's Products	John Brown	Stock manager	stockmanager@brownsproducts.com.au	0412 345 789

[www.preparemybusiness.org](http://www.preparemybusiness.org) is a US collaboration that has several useful checklists and templates on this and other topics relating to disaster planning and recovery several of which are reproduced overleaf, with permission.

## CRITICAL BUSINESS FUNCTIONS

Identifying critical business functions is integral in resuming operations following a disaster.

This template will walk you through the very important steps of identifying the most critical functions in your business. You may consider your critical functions as those activities that are vital to your organization's survival and to the resumption of business operations. Typically, your critical functions are the business functions that are (1) most sensitive to downtime, (2) fulfill legal or financial obligations to maintain cash flow, (3) play a key role in maintaining your business' market share and reputation, and/or (4) safeguard an irreplaceable asset. Keep in mind, the process of identifying your critical business functions will work in close conjunction with your risk assessment analysis.

### Steps:

1. Identify the critical business functions of your business. Please reference the following considerations when determining the criticality of each business function.
2. Classify these critical business functions into the following categories: high (most severe), medium, and low (least severe). Please reference the proceeding graphs for an illustrated example.
3. Complete the Critical Business Functions Chart with each critical business function.

### Considerations when Determining Criticality of a Function:

- What business objective/goal does this function support?
- How often does this function occur?
- How many business units (departments) perform this function?
- Does the successful completion of this function depend on any other functions?
- Are other functions dependent on this function for its successful completion?
- Is there a potential for revenue loss if this function is not completed?
- Is there a potential for fines, litigation, or other punishment for noncompliance due to a required regulatory requirement?
- Is noncompliance tied to a specific downtime for this function?
- Does this function directly impact the business' image or market share?
- What priority ranking would you give this function as compared to other functions?

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## CRISIS COMMUNICATIONS

During an emergency, it is imperative that those within your organization know how to communicate effectively. This includes both internal and external communications. The following checklist will highlight some recommendations for developing and executing a well-rounded communications strategy in the face of any disaster scenario.

✓	DEVELOPING YOUR COMMUNICATIONS PLAN
	<b>Start with a General Risk Assessment:</b> <ul style="list-style-type: none"> <li>• Identify the top threats to your organization and any vulnerabilities</li> <li>• Analyze what business functions are critical to your operations</li> <li>• Identify the resources needed to protect those critical business functions                             <ul style="list-style-type: none"> <li>~ People, Processes, Technology required and Communications needs associated with each</li> </ul> </li> </ul>
	<b>Establish a Crisis Management Team, and those within that group responsible for Communications</b>
	<b>Develop and regularly update an Emergency Contact List to include:</b> <ul style="list-style-type: none"> <li>• Home Phone</li> <li>• Alternate Mobile</li> <li>• Personal E-mail</li> <li>• Family Contact Information</li> <li>• Evacuation Plan</li> </ul>
	<b>Consider setting up an Alert Notification System capable of multiple means of communication to employees, stakeholders &amp; clients. TEST this system regularly and ensure employees are familiar.</b>
	<b>Ensure that employee, vendor &amp; supplier mobile voice communications are not reliant on a single network. Utilize multiple carriers and train all critical personnel on the use of text messaging.</b>
	<b>Establish a separate, formal notification plan for employees' immediate families and close relatives in the event of loss of life, missing personnel, etc. Additionally, ensure that caregivers and daycare operators upon whom employees depend can receive appropriate information.</b>
	<b>Ensure that a formal system exists to integrate new hires into the Crisis Communications Plan</b>
	<b>Consider establishing a public hot line, or a "dark" Website that can be activated on short notice to provide information during an emergency to everyone in the community</b>
	<b>Consider an Online Social Networking Platform for web-based crisis communications (Facebook, Twitter, LinkedIn, etc.)</b>
	<b>Establish a universal and easily accessible database of information about the company and disaster strategies and plans. Database should include company background information, critical documents, key contacts, passwords, etc.</b>
	<b>Consider setting up a password-protected online message board specific to your organization</b>

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V5.2012 - Agility Recovery

Page 1



## DISASTER RECOVERY KIT

A disaster, no matter how great or small, can be a hectic time in both your professional and personal life. Preparing several kits and making them easily accessible will help restoration procedures to begin immediately. This checklist will provide a breakdown of necessary items to initiate recovery. One of the primary functions of any recovery kit should be protecting the important records and emergency items in order to ensure a smooth reconstruction of vital information and operations following any disaster.

Description	Included		Quantity	Task Assigned To
	Yes	No		
<b>Business Continuity Plan Important Records</b>				
Insurance Policies				
Fixed Asset Inventory				
Contracts				
Employee Information				
<b>Operating System Installation Disks/Software Licensing Keys/Office Supplies</b>				
Software installation disks				
Software licensing keys				
Hardware serial numbers				
Stamps				
Writing utensils & notepads				
Stapler & staples				
Tape				
Printer paper				
Calculators				
Letterhead				

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## EMERGENCY COMMUNICATIONS

Communication in the aftermath of an interruption is vital – and creating an Emergency Communications Plan is an important step in assuring your business is able to communicate both internally and externally no matter what the scenario.

<input checked="" type="checkbox"/>	<b>Determine Roles and Responsibilities</b>
	Appoint primary decision maker/coordinator.
	Appoint back-up decision maker(s).
	Outline roles and responsibilities for additional participants.
<input checked="" type="checkbox"/>	<b>Determine Entities With Which You Communicate</b>
	Employees
	Stakeholders
	Shareholders
	Clients/Customers
	Regulatory Agencies
	Media
	Other:
<input checked="" type="checkbox"/>	<b>Document When to Activate Plan, Using Criteria Such As:</b>
	Length of time of outage/interruption.
	Severity of interruption.
	Percentage/Number of employees, departments impacted.
	Prolonged loss of contact with clients and/or vendors.
	Other:

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Copponsorship Authorization #10-2116-16

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## VENDOR ASSESSMENT

The main objective of a vendor assessment is to determine your vendors' ability to continue service despite any sort of interruption in normal operations. This could include its ability to respond during an interruption to your organization or within its own organization. It is important to complete this assessment for each of your critical vendors so you can understand the level of risk that each poses and plan for alternatives in the event of a recovery.

### Step 1: Determine who is a Critical Vendor

Complete the vendor contact information. Then answer each of the questions below to determine the level of vitality to your organization. A "Yes" to any of the statements below would classify this vendor as critical. There may also be vendors who don't meet one of the criteria below, but could still be a critical vendor. If this is the case, put the reasons under "Special Circumstances."

Vendor Name:		
Vendor Business Description:		
Contact Name:		
Contact Phone:		
Contact Email:		
Address:		
City:	State:	Zip:

Question	Y/N	Notes
Has access to critical company data		
Performs one or more critical business functions		
Has access to sensitive/confidential customer data		
Has direct impact on revenue or expenses		
Directly impacts your ability to perform one or more critical business functions		
This vendor is the only one who can provide this product/service		

**Special Circumstances:** Another reason, or special situation where this vendor may be critical to business continuity.

Critical Vendor? (Y/N)

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## PHONE RECOVERY

Communication is crucial to your business and has a great impact on the public perception of your organization. This template is focused on your telecommunications and will help you define and document your phone redirection strategy. Contact your phone vendor(s) now, during the planning process, in order to discuss their available methods of emergency redirection.

The following chart will help you document what numbers you will need rerouted at time of interruption and the procedure for each.

Phone Number	Type	Related Function	Telephone Provider	Contact Information	Destination Instructions / Special Instructions
Ex: 800-555-6666	Toll Free	All Public Inbound	Owest	Prim: Adam Smith (D) 737-555-8888 Alt: Sheila Jones (D) 737-555-8877	Redirect to
Ex: 901-555-6666	Dedicated Call Center	Sales	Owest	Prim: Adam Smith (D) 737-555-8888 Alt: Sheila Jones (D) 737-555-8877	Redirect to
Ex: 901-888-4445	Fax	Communications	AT&T	Prim: Adam Smith (C) 737-555-3000 Alt: Sheila Jones (C) 737-555-1234	Redirect to

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## RECOVERY OVERVIEW

Disaster planning is vital to a successful recovery. The following checklist is a comprehensive outline of the disaster recovery process. Before you begin, it is prudent to outline a schedule and budget.

✓	<b>Recovery Team</b>
	Determine primary and back-up Crisis Manager
	Determine primary and back-up Recovery Management Team
	Establish and notify employees involved in recovery and clarify roles
	Communicate recovery action steps to all employees
✓	<b>Risks and Hazards</b>
	List natural and man-made events that may impact your business.
	Rate the likelihood of occurrence for each event.
✓	<b>Alternate Location</b>
	Locate and confirm an alternate recovery location and back-up location.
	Develop relationship with recovery vendor and/or neighboring businesses.
	Assess suitability of other branches or locations for recovery.
	Set aside space for an emergency command center.

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## RISK ASSESSMENT

To plan for recovery you must understand what risks threaten your organization and employees.

This assessment checklist will guide you through identifying and rating these risks. You can then focus mitigation efforts on risks with higher importance, which is calculated by multiplying the probability (increasing 1 to 5) and impact (increasing 1 to 5) numbers. Use the blank rows to write in any other threats particular to your organization. You may consider risks to your supply chain in a separate checklist, so focus only on threats directly to your business and employees.

Risk	Importance	r		Comments
		P	I	
EXAMPLE: meteor strike to building	Probability Impact	1 5	5	No reasonable mitigation techniques. Ignore.
EXAMPLE: transformer hit by lightning; power out for one week	Probability Impact	2 3	6	Install transfer switch to allow generator power
Power outage: consider whether your grid is a priority for utilities to restore quickly	Probability Impact			
Lost access to building: due to pest infestation quarantine, crime scene, etc.	Probability Impact			
Critical equipment failure: examples are email server, key file server, heat or A/C	Probability Impact			
Phone/Internet outage: cut cable, phone company power loss, phone server down	Probability Impact			
*Fire: wildfires, nearby building fires, and chemical fires are possible sources	Probability Impact			
*Tornado: and other high winds. Impact increased if building is not storm-proof	Probability Impact			
*Flood: may represent regional flooding from coast or rivers, or pipe bursts/leaks	Probability Impact			
*Hurricane/seasonal storms: Ice storms represent similar risk for other regions	Probability Impact			
*Earthquake: weigh supply chain effects, not just your own building	Probability Impact			
Employee absenteeism: those with unique skills or special needs for family	Probability Impact			
Mass absenteeism: pandemic or transportation strike/outage are causes	Probability Impact			
Explosion/Spill: heightened risk if near highway, railroad, airport, chemical plant	Probability Impact			
Terrorism: communications and transport likely to cause secondary challenges	Probability Impact			
	Probability Impact			
	Probability Impact			

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## TABLE TOP EXERCISE

Testing is the crux to creating and presenting a viable recovery plan. One popular way of starting a testing program is a table top exercise. This approach is cost effective and focuses on your employees and their specific recovery tasks. This checklist will guide you through steps and suggestions to plan and facilitate a successful table top exercise.

Item	Description
Identify team for table top exercise	Be sure key decision makers are involved, whether they are participants, or their absence is written into the scenario.
Establish a crisis command center	The location of the table top exercise - conference bridges are recommended for remote parties to dial into. All information gathered will also be stored in this location.
Log all activities	Appoint a scribe to document actions and open items for later review.
Determine scenario	In doing so, be creative but practical. Take your risk assessment into consideration, and consider what will be appropriate based upon time allotted for this exercise.
List assumptions	This includes closed roadways, key personnel that are absent, extent of damage and outages, expected duration of outages, etc.
Rules for the exercise	Clearly define which actions will be taken vs. assumed since there isn't time to do each step in real-time that would be taken in a recovery.
Split the scenario into sessions	Make these time-appropriate for the overall time of the exercise. After each session the participants/observers will review and document what was learned. With each session you can pose a new list of assumptions.
What critical business functions were affected?	From the assumptions, the participants should identify which functions are crippled, and how to meet recovery time objectives for each function. This will assist in prioritizing what functions to recover first.
Vendors	Will your third party vendors: phone service, IT, data back-up, facilities, etc. be involved in this exercise? If so, make sure you provide them with adequate notice related to their responsibilities in the exercise. If not, write into the rules how vendors will be simulated.
Time frame	At the beginning of each session, clearly define the number of hours participants have to work on each session as well as how much time passes in 'exercise time' compared to 'real time'.

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## UNIQUE SUPPLIES

Chances are, you use some supplies on a daily basis that don't fit into the category of "general" office supplies. These unique items must be re-ordered in a timely fashion during the recovery process. This could be anything from special forms used for customer orders, to special toner required for a printer, to chemicals required in a manufacturing process.

Please list any of these unique items - do not include basic office supplies such as paper and pens, office furniture, or computers in this section.

Item #	Qty.	Description	Vendor	Contact #	Warranty (Y/N)	Acct. # (if applicable)	Cost
Example	2	MIRC Toner - for check printing	HP	1555-5555	N	103/445	\$400
Example	50	Employee ID Badges	Secure ID	555-5556	N	103/63	\$600

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2011



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## [2 PAGE BUSINESS PLAN GUIDE]

Step by step guide to writing your own business plan



### ***Objective of this Guide***

The objective of this guide is to assist those people writing a Business Plan for the first time. The guide is primarily for start up businesses rather than for established businesses, however it can also apply to an existing business without a Business Plan.

*We recommend that you type the Plan using Microsoft Word so that it can be easily emailed and modified where necessary.*

When the Business Plan is completed you may wish to discuss your plan with an SBMS Mentor who will be able to critique it for you. Please contact SBMS and a Mentor via our web page [www.sbms.org.au](http://www.sbms.org.au)

or call the Victorian Business Line on Tel. 132 215.

## **BUSINESS PLAN GUIDE**

### **CONTENTS**

#### **1. Business Summary**

- 1.1. Business Overview
- 1.2. Product or Service Features
- 1.3. Market Analysis
- 1.4. Marketing Strategy

#### **2. Financial Plan**

- 2.1. Key Objectives and Financial Overview
- 2.2. Cash Flow projection
- 2.3. Break-even Analysis

#### **3. Key Actions**

#### 1. Business Summary

*This section sets out the broad parameters of the future business. It should cover only the core activities of the business to 'set the scene'.*

##### **1.1 Business Overview**

What the business is all about in general terms? What industry is it in? What is the key benefit, rather than the product or service that you are going to provide? What are the products or services, who buy them, and a general statement as to where the business will be in two to five years and how this will be achieved?

##### **1.2 Product or Service Features**

Give a brief explanation as to what the product(s) or service(s) are and the outline features that are going to give you the edge in the market place. State clearly what you are actually going to sell.

##### **1.3 Market Analysis**

Outline what market the product or service is going to be aimed at and why. What research is there to support your business expectations?

##### **1.4 Marketing Strategy**

Make a broad statement of the marketing plan and the tools to be used.

#### 2. Financial Plan

*This section goes into the details that will make the Business Plan a 'working' and ultimately a 'control' document. It is therefore important*



*that care is taken to get it right. It is not just a collection of words but a document that really sets out what is going to happen and can be reviewed at any time to check progress. If this Business Plan is going to be used for the basis of obtaining finance then it will be critically reviewed.*

### **2.1 Key Objectives and Financial Overview**

List your Key Objectives. There will only be a few at this summary level but they will be the ones that are essential for you to achieve. For example:

Achieve Sales in the first year of \$X at a Gross Margin of \$Y.

Achieve a Net Profit before Tax in the first year of \$X.

Explain the basic financial needs of the new business, starting with the initial capital and your expected cash needs to run the business.

### **2.2 Cash Flow**

This is probably the single most important control schedule that any new business needs. Irrespective of the profitability of the business it is critical to ensure that your plans don't result in your running out of cash.

The projected cash flow highlights the surpluses and shortfalls of cash. In its simplistic form it records when you actually receive cash from sales (as opposed to when you might invoice a product on payment terms) and any other cash receipts less cash payments made for, buying product, overheads, tax, etc.

The Cash Flow schedule should commence right at the start of the new business set-up with a zero Bank Balance and with the initial cash investment inserted. This ensures that the true cash requirement of the business, from start-up, is tracked. Shown below is an example of a simple Cash Flow schedule that shows some of the more usual items.

### **2.3 Break-even Analysis**

A break-even analysis is a calculation to show the level of sales or services required to pay for all the overheads of the business and at least come out even. This should be calculated over a 12- month period and can easily be constructed from the Profit & Loss and Cash Flow Statements. A simple

commentary with the numbers is all that is required to explain what the break-even picture is.

### **3 Key Actions**

*The Business Plan has got to be used to manage the business. If it is not then it is a waste of time having written it. To ensure that it does serve the purpose of guiding your business development it is important to now set down the specific tasks that have to be done to achieve the Objectives/Goals set.*

You do this by preparing an Action Plan. This should be done in a tabular form by the operating sections of the business. The items should not be too detailed or else they become unworkable. The purpose of the Action Plan is to act as a checklist of the key actionable items and the time they have to be done by and who is to do them. A simple example is shown below.

## Small Business Victoria

### Critical Information List

*Used by permission*

Use this template to create a detailed file which can be used by someone else (e.g. your power of attorney) who needs to make decisions on your behalf.

Business Details	
Business name & address	
Australian Business Number (ABN)	
Australian Company Number (CAN)	
Tax File Number (TFN) for your business	
Business banker (Bank, name & contact details)	

Business Personal Details		
	Name	Contact details
Partner(s)/ Director(s)	(1)	
	(2)	
	(3)	
Accountant/ Accounting firm		
Lawyer/ Legal firm		
Power of attorney (business purposes)		

<b>Insurance</b>				
	<b>Company</b>	<b>Policy No.</b>	<b>Renewal Date</b>	<b>Location of Policy</b>
Building				
Contents				
Other insurance (e.g. – disability, trauma etc)	(1) (2) (3)			
<b>(Note:</b> If any insurance policy is paid by direct debit rather than by invoice, be sure to make a note of that.)				

<b>Business Bank Details</b>			
I have          Business Accounts			
<b>(Security alert:</b> make arrangements for PINs and passwords to be accessed only by the trusted person of your choice. <b>Do not record them here</b> unless you are absolutely confident they will be the only person seeing this document)			
My business banker is		Contact details	
<b>Bank</b>			
	Name of account	Account number	BSB Number
	Direct debits associated with this account (if any)		
	Company (& contact details)	Amount of debit	Date of Debit
<b>Bank</b>			
	Name of account	Account number	BSB Number
	Direct debits associated with this account (if any)		



**Business Bank Details**

	Company (& contact details)	Amount of debit	Date of Debit
	<b>My tax file number</b>		
	<b>My Australian Business (ABN) number</b>		
	<b>Company (&amp; contact details) for EFTPOS transactions &amp; machine maintenance</b>		

**Business Loan Details**

I have _____ business loans	
Who is the loan from?	
What is the account number (if loan is from a financial institution)	
What is the loan amount?	
When are payments due?	
How much is the minimum payment?	
How are payments made?	
Where is the loan engagement kept?	

### Business Credit Cards

**(Security alert:** make arrangements for PINs and passwords to be accessed only by the trusted person of your choice. **Do not record them here** unless you are absolutely confident they will be the only person seeing this document)

#### Company

	Card name	Card number
Direct debits associated with this account (if any)		
	Amount of debit	Date of debit

#### Company

	Card name	Card number
Direct debits associated with this account (if any)		
	Amount of debit	Date of debit

<b>Business Leases</b>				
<b>Building</b> (Address of the building)				
<b>Equipment</b> (Describe the leased equipment)				
<b>Cars</b> (Registration number(s) of vehicle(s))				
<b>Mobile Phones</b> (Describe the vendor or the service provider)				
	<b>Building</b>	<b>Equipment</b>	<b>Cars</b>	<b>Mobile Phones</b>
Who are the payments made to?				
When are payments due?				
How much is the minimum payment?				
How are payments made?				
When does the lease end?				

<b>Staff details</b>		
<b>Name</b>	<b>Position</b>	<b>Contact details</b>
(1)		
(2)		
(3)		
(4)		
(5)		
Staff Salary details		
Where do you keep details of payments you make to staff and on behalf of staff? E.g. Payslips, superannuation payments, union dues etc.		

<b>Key clients/customers</b>	
<b>Customer Name</b>	<b>Customer Details</b>
(1)	
(2)	
(3)	
(4)	
(5)	

<b>Supplier details</b>		
<b>Name</b>	<b>Name of goods and/or services supplied</b>	<b>Contact details</b>
(1)		
(2)		
(3)		
(4)		
(5)		

<b>Important documents</b>	
<b>(1) Financial Statements</b>	
Within your business who prepares your financial statement?	
Where are copies of the statements kept?	
<b>(2) Debtors &amp; Creditors list</b>	
Where is the debtors & creditors list kept?	
<b>(3) Business Plan</b>	
Where is the current copy of the business plan kept?	
<b>(4) Governance</b>	

**Important documents**

Where are minutes of meetings kept? E.g. – Meetings of the board, or the directors, or other governance requirements?	
<b>(5) Trust</b>	
Is your business run through a Trust?	Yes No
If yes, where is the Trust deed kept?	
<b>(6) Compliance obligations</b>	
Does your business have any compliance obligations?	Yes No
Are they all lodged? If yes, where and when were they lodged?	Yes No <b>Where:</b> <b>When:</b>
<b>Account management / book keeping</b>	
Who has the responsibility of preparing returns?	
Where are the copies of the returns kept?	

**Personal Details**

There is a copy of my will in this file	Yes No
The original copy of my will is held at	
The executor(s) of my will	Name: Address: Phone:
	Name: Address: Phone:

**Personal Details**

	Name: Address: Phone:
--	-----------------------------

**Funeral Arrangements**

I have prepaid my funeral (Details attached)	Yes No
I have planned my funeral (Details attached)	Yes No

**Powers of Attorney**

I have given my power of attorney to the following persons		
	<b>Name</b>	<b>Original document is held at</b>
General power of attorney		
Enduring power of attorney (financial)		
Enduring power of attorney (medical)		
Enduring power of guardianship		
The document is held at:		

**Organ Donation**

I wish to donate any of my organs that may be useful	Yes No
My name is on the Australian Organ Donor Register	Yes No
I have donated my brain to science (Details attached)	Yes No
I have donated my body to science (Details attached)	Yes No

<b>Property</b>			
I own the following property			
	<b>Address</b>	<b>Name of owner / joint owners</b>	<b>If rented – Managing agent</b>
Without mortgage	(1)		
	(2)		
With mortgage	(1)		
	Amount Due: When:	Minimum payment How is it paid:	
	(2)		
Where is the original titles deeds of your property			
(1)			
(2)			
(3)			
(4)			

**Bank Details**

I have \_\_\_\_\_ personal accounts

**(Security alert:** make arrangements for PINs and passwords to be accessed only by the trusted person of your choice. **Do not record them here** unless you are absolutely confident they will be the only person seeing this document.)

**Bank**

	Name of account	Account Number	BSB Number

Direct debits associated with this account (if any)

	Company (& contact details)	Amount of debit	Date of debit

**Bank**

	Name of account	Account Number	BSB Number

Direct debits associated with this account (if any)

	Company (& contact details)	Amount of debit	Date of debit

**My tax file number**

**Superannuation**

Institution name	
Policy number	
The policy is held at	



<b>Insurance</b>				
	<b>Company</b>	<b>Policy No.</b>	<b>Renewal Date</b>	<b>Policy is held at</b>
Life insurance				
Private Health				
House & contents				
Income protection				
Mortgage protection or loan protection				
Cars	(1)			
	(2)			
	(3)			
	When is registration due on the car(s):			
	(1)			
	(2)			
	(3)			
	Where are the vehicle registration papers:			
	(1)			
	(2)			
	(3)			
(Note: If any insurance policy is paid by direct debit rather than by invoice, be sure to make a note of that.)				

### Credit Cards

**(Security alert:** make arrangements for PINs and passwords to be accessed only by the trusted person of your choice. **Do not record them** here unless you are absolutely confident they will be the only person seeing this document)

#### Company

	Card name	Card number
	Direct debits associated with this account (if any)	
	Amount of debit	Date of debit

#### Company

	Card name	Card number
	Direct debits associated with this account (if any)	
	Amount of debit	Date of debit

### Valuables

Where do you keep your passport?	
Do you have a bank security box	Yes No
	Which bank is it at?
	Where is your key?
Do you have valuables anywhere else? (Give details)	

**Note:** When you have completed the form, consider where you will lodge copies e.g. with your solicitor, your accountant, in a safe deposit box etc. Remember that the document will need to be reviewed / updated regularly.  
**DO NOT LEAVE THE DOCUMENT IN ANY PLACE THAT IS NOT COMPLETELY SECURE.**

## Medical information template

Medical Information					
Name					
First		Last		contact number	
Address					
DOB					
Ddmmyy		Gender	M F		
Emergency Contact 1.					
Name					
First		Last		Relationship	
Phone home		mobile		work	
Address					
My enduring power of attorney (medical) is held by:					
Name					
First		Last			
Contact Details					
General Practitioner			Specialist		
Name			Name		
First		Last		Last	
Contact Details			Contact Details		
Phone			Phone		
Medicare No					

**Private Health Insurance**

Provider Name		
Number		
E. Health Authority		
Name		Name
Contact Details		
Allergies / special health conditions		
Current Medication		

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## Letter of authority

Here is the kind of letter you should have in your essential information file authorising someone to act in business matters on your behalf:

### TO WHOM IT MAY CONCERN.

I ..... name .....

position in and name of business .....

of ..... address .....

hereby authorise ..... name .....

to discuss my business/financial affairs on my behalf.

Yours sincerely .....

Signature .....

Name .....

Date .....

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Of all the forces that make for a better world,  
none is so indispensable, none so powerful as hope.

Without hope man is only half alive.

*Charles Sawyer, 1887–1979*





# Dedication and acknowledgments

There are, as always, people whom we would like to specifically acknowledge.

Our thanks go first to our partners for their personal involvement in the relief and recovery processes. Anthony's partner Elizabeth is a Red Cross Volunteer and Ken, Sandra's husband, is a Rural Financial Counsellor helping many people rebuild their farms and businesses. Thank you, Elizabeth and Ken, for your ongoing support of the work that we have been doing as well as for your love and encouragement at every stage along the way.

We would also like to acknowledge a few of the unsung heroes whom we've had the honour of being directly associated with and who have worked incredibly hard for the re-establishment of their communities. A couple who stand out are Bruce Bayley, who worked tirelessly along with many others in the Victorian Bushfire Reconstruction and Recovery Authority to devise ways to support community members with financial support initiatives for regrowth; and Dr Rob Gordon, Dr Tony McHugh and Edie Hester, who all assisted community members directly and

The effects of disaster are felt by all those who are touched either directly or indirectly irrespective of whether the disaster is large or small, whether it is a natural catastrophe, a manmade event, or an accident or illness.

**The truth is disasters are not about events, disasters are about people.**

Since February 2009 we have had the absolute honour and privilege of meeting, working with and assisting many hundreds of people from all walks of life and all demographic backgrounds, initially as part of our involvement in the recovery process for the Black Saturday bushfires, which destroyed 2000+ homes, took

173 lives, ravaged many communities and destroyed large tracts of Victorian bush.

It was during our time assisting in that recovery process that we became acutely aware of the enormous effort, compassion and dedication of so many people. We gained an equally acute understanding of the frustrations that they and we faced whilst attempting to help thousands of people get back on their feet. It is to these selfless people and the efforts they have made to reduce trauma and speed up recovery that we dedicate this publication.

support staff like ourselves to make emotional sense of the journey we were on.

**In relation to Black Saturday we acknowledge:**

- Brad Quilliam, Steve Szetey, Nina Lunde and the other members of the Kinglake Ranges Business Network Executive
- Donna Donovan and Simon O’Callaghan from the Shire of Yarra Ranges
- Members of Mystic Mountain Tourism and Marysville Chamber of Commerce
- Bob Elkington and his Economic Development Business Recovery Team from Murrindindi Shire, and in particular Sally Macdonald, Business Recovery Officer for Murrindindi West
- Bruce Hall, David Gregory and the mentors from the Small Business Mentoring Service (SMBS) for their direct input into the recovery process and for their support of Anthony as a mentor and Sandra as one of Murrindindi Shire Council’s business recovery officers working on business/economic recovery in fire-affected areas
- Shannon Bergamin from Curves of Yarra Glen who, along with her team, set up the Yarra Glen Community Fire Relief Centre, which sourced and

distributed more than 1500 tonnes of donated food, household goods and clothing to fire-affected families throughout the Kinglake/Marysville area

We would also like to acknowledge the hundreds of staff from business (both large and small) and from federal, state and local government departments who came together in an unprecedented way, often working in difficult locations and under almost impossible conditions, to provide essential support, funds, advice and direction to those who lost so much. Most of these roles have now ended but the work those people started continues to this day and is promised to continue until the job is done.

Those who should be thanked for working so long and so hard during and after Black Saturday must also include all who gave freely of their time and effort through the many volunteer-based agencies such as Red Cross Emergency Services, the Country Fire Authority and the State Emergency Service to assist individuals and communities in need. There are many others who are not specifically named but whom we also acknowledge.

We also acknowledge the outpouring of global humanitarianism for those affected by Black Saturday that resulted in almost \$AUD400 million being donated to support the relief and recovery processes.

**In relation to the Victorian floods we acknowledge:**

- Mark Remnant and James Goldsmith from Buloke Shire for their ongoing support of businesses impacted so severely in Charlton, and their assistance to Anthony and SBMS mentors working in the area
- Members of the Charlton Chamber of Commerce who, despite the enormity of impact upon individuals and therefore the Chamber as an organisation, embraced the support available to such an extent that they created a resurgence in membership and are actively making substantial improvements within and around the town
- Joan Supple who, despite her own losses, found time to make sandwiches and bake cakes to keep Anthony and the mentors fed whilst they assisted local business owners
- Bianca Stapleton, Jordan Tamblin and Astrid O'Farrell from Campaspe Shire for their endeavours on behalf of affected businesses in the area and their support of Anthony in his work
- Cathy Violi and Costa Skiadis for their support of Anthony and mentors as they worked with businesses around the Mildura area

- Leigh Wilson in Rochester for his tireless efforts to restart and develop the Rochester Chamber of Commerce along with all the other community projects he got involved with and assisted after the devastating flooding in the town

Last but certainly not least, we especially acknowledge and sincerely thank all the people directly affected by these tragic disasters, whether by loss of property, livelihood or loved ones. Your stories, courage, strength and humour have brought us to tears at some times and laughter at others. What we have experienced from being with you has been a real blessing in our lives and we thank you sincerely for allowing us in to a very difficult, private and raw part of your lives.

**You may think a crisis will never affect your business, and we hope you are right.**

**However, the frequency of crisis events has risen over the last decade and therefore the likelihood of one impacting you has risen too.**

**The question is ... are U ready?**

## About the authors

**A**nthony's passion is helping business owners and individuals 'achieve their best'. Anthony's business career began in the

corporate arena where he worked his way through sales, management, marketing and general management roles, often with state, national and/or international responsibilities.

Anthony came to realise the many similarities between running a successful business and a successful life when he effectively used key business and management tools combined with life skills learnt through many years of personal development to transform his life after personal trauma and suicidal depression.

In 2003 he created his own life skills and business development consultancy (Transform Your Business) which specialises in helping small-business owners achieve their best.

Anthony has coached approximately 1500 independent small businesses and holds qualifications in management, training and assessment. He is a mentor with the Small Business Mentoring Service Inc., a Director of The Small Business Institute and the author of *Dream to Reality...connecting heart & business* and *Hamster NO MORE...getting OFF the small business treadmill*. He is a registered life/business coach with CoachNetwork and the International Coaching Federation as well as being a ROQUE facilitator and workshop/seminar presenter for Small Business Victoria.



A handwritten signature in black ink that reads "Anthony" followed by a stylized surname.

Sandra owned and managed her own specialist economic and business development firm for more than 20 years. This came to an abrupt halt in 2003 when she was diagnosed with cancer and underwent a stem cell transplant the following year. Thus, Sandra has had first-hand experience of disaster and the issues that disaster can cause for a small-business operator.

Sandra holds qualifications in economic, business and community development; entrepreneurship, innovation and consumer leadership; community welfare, psychotherapy and counselling; and civil ceremonies. In 2007 she was awarded an Australian Centenary Medal for services provided and outstanding contribution to rural small business. She has a ministerial appointment as a Director of the Consumer Utilities Advocacy Centre in Victoria, Australia; is an Emeritus Member of the Small Business Mentoring Service; and a Fellow of the Australasian Institute of Enterprise Facilitators.

Since her own disaster Sandra has strongly advocated on behalf of other small-business operators in an effort to reduce the impact should they be faced with a disaster. She is a member of several state and national consumer organisations in Australia. In 2007, she was commissioned by Small Business Victoria to develop the content for an

on-line guide for the 'Illness and business management plan' (see [www.business.vic.gov.au/illness](http://www.business.vic.gov.au/illness)).

Following the February 2009 bushfires in Victoria Sandra came out of semi retirement and has been actively involved in assisting business owners affected by the fires. In May 2009 she was appointed by the Murrindindi Shire Council as a business recovery officer where she initiated, implemented and led a variety of business-support services and programs. More recently she has been commissioned together with a business recovery colleague to prepare a 'restoring your business community' manual aimed at assisting local government practitioners to respond efficiently and effectively to business recovery following a disaster of some kind.



A handwritten signature in black ink that reads "Sandra Sleeth". The signature is written in a cursive, flowing style.

## **Dr Rob Gordon**

Rob Gordon is a clinical psychologist who has worked in disasters since the 1983 Ash Wednesday bushfires in Victoria. He has been a consultant to the Victorian Emergency Management Plan for 16 years and has been involved in most major Victorian emergencies during that time. He is a Clinical Director of the Critical Incident Stress Management Service in the Department of Human Services, Victoria, and psychological consultant to the International Department of Australian Red Cross. He is a regular lecturer on emergency recovery training courses conducted by the Australian Emergency Management Institute.

## **Dr Tony McHugh**

Since 2008, Tony McHugh has been the Manager and Principal Psychologist for the Psychological Trauma Recovery Service (PTRS) at Austin Health in Melbourne. Before that, he held similar positions in the PTRS's Post Traumatic Stress Disorder (PTSD) program. Across these roles, Tony has been responsible for the setup and development of comprehensive psychological treatment programs for severely traumatised personnel from the Australian Defence Forces, combat veterans and emergency response groups such as police and emergency services workers; those who have experienced transport and workplace accidents; and victims of crime. He has provided considerable leadership in the area of psychological responses to emergencies and disasters over the last decade and played an instrumental leadership role in the response to the 2009 Victorian bushfires.

**Notes:**

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