

Surviving the Storm

5 Steps to Prepare Your Small Business for an Emergency



Owning a small business can be a fantastic opportunity, as it allows you to be your own boss and have a flexible schedule. However, it also comes with its fair share of challenges, particularly when it comes to unexpected and unpreventable events that can disrupt the business. According to a 2021 survey conducted by FED Small Business, 1 in 10 small businesses suffered losses from a natural disaster during the prior 12 months¹. Events like hurricanes, winter storms, earthquakes, wildfires, and tornadoes can result in considerable property damage, disrupt supply chains, and lead to extended closures. In 2023, the United States experienced a record \$92.9 billion in damages, highlighting the increasing financial impact of such events each year².

In addition to natural disasters, businesses are also at risk of disruption to their operations due to disease outbreaks such as the COVID-19 pandemic. Another health crisis could force a business to change or halt operations if required by the federal government to prevent the spread of disease.

Considering these risks, business owners need a solid plan to mitigate the impact of unexpected events. In this blog, we will explore the unique challenges that small business owners face when dealing with emergencies and outline five key steps to prepare for them.

01 | Identify and document hazards and risks

Depending on the location of your business, you may face a higher risk of damage from natural disasters. It's important to inspect your property to identify potential risks that could harm your building, equipment, or disrupt your supply chain. Additionally, evaluate any risks that could impede the swift evacuation of your personnel and clients, such as trip hazards and obstructed emergency exits.

If you have multiple businesses, you need to conduct a risk assessment in each of those locations to account for the unique threats in each specific area. To investigate risks in your community and calculate expected annual loss, you can leverage FEMA's interactive [National Risk Index \(NRI\)](#).

02

Meet with your advisor to create a disaster recovery plan

If you are already working with an advisor for your small business, you may already have a business continuity plan that outlines the steps to take in the event of a crisis. However, as a business owner, it's important to also work with your advisors to create a disaster recovery plan that explains how your business will continue operations after an emergency. A disaster recovery plan should include several elements:

- Floorplan that lists emergency exits and where emergency supplies are stored in the building
- Appointed employees responsible for communicating updates on operations to employees and customers
- Failsafe wireless communication plan
- List of each employee's emergency contact(s) and their phone numbers and addresses
- Backup protocol for servers, networks, and other essential data
- List of alternative facilities to operate in, other qualified contractors, and plans for replacing equipment and supplies
- Clean-up and salvage procedures
- Cadence of disaster plan testing and re-evaluation

A well-designed disaster recovery plan can help businesses minimize downtime, reduce recovery expenses, and speed up assistance from insurance companies. Such a plan is not only valuable for recovering from natural disasters but also for addressing security breaches, whether they occur on-site or remotely, such as with malware and ransomware.

03

Train and communicate with your staff

Ensuring that your employees know what to do when there is an emergency is pivotal. Regular drills for situations like fires, tornadoes, and active shooter scenarios should be conducted to confirm that new and tenured employees are familiar with the protocols that you have established. Managers and other members of crisis management teams should receive advanced level of training to better assist those under their care. This could include teaching them how to administer CPR, first aid, or how to use an AED defibrillator. The protocols should undoubtedly adhere to OSHA regulations and be documented in a place easily accessible to employees.





04 | Review and update your plan

After implementing your plan, it's important to regularly update it to keep up with the evolving changes in your business. These changes could involve updates to the layout and design of your facilities, acquiring new equipment, staff role changes, and addressing additional hazards. By keeping this information up to date, you can effectively prevent any obstacles that may hinder your employees and customers from quickly reaching safety.

05 | Educate others in your community

As a small business, you will have likely built personal relationships with community members and established a level of trust and loyalty. If your business operations haven't been greatly affected, consider reaching out to customers and other businesses to offer assistance. You can help by donating to a local charity or sponsoring a neighborhood fundraiser. If feasible, ask your employees if they would be interested in volunteering to help create care packages for those in need.

Being prepared for life's unpredictable events is not always possible. However, with the right plan, you can reduce the risk of total devastation to your property and keep your staff and customers safe. To start or modify an emergency plan for your business, reach out to your advisor.



FOOTNOTES

¹Funderburk, B., & Misera, L. (2022, November 15). The impact of natural disasters on small businesses. <https://www.fedsmallbusiness.org/analysis/2022/impact-of-natural-disasters-on-small-businesses>

² Flavelle, C. (2024, February 19). U.S. hit by record number of High-Cost disasters in 2023. The New York Times. <https://www.nytimes.com/2024/01/10/climate/billion-dollar-disasters-climate.html>



DISCLOSURES

All securities are offered through Hightower Securities, LLC, member FINRA and SIPC, and advisory services are offered through Hightower Advisors, LLC, a SEC registered investment advisor. In preparing these materials, we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public and internal sources. Hightower shall not in any way be liable for claims and make no expressed or implied representations or warranties as to their accuracy or completeness or for statements or errors contained in or omissions from them. This is not an offer to buy or sell securities. No investment process is free of risk and there is no guarantee that the investment process described herein will be profitable. Investors may lose all of their investments. Past performance is not indicative of current or future performance and is not a guarantee. This document was created for informational purposes only; the opinions expressed are solely those of the author, and do not represent those of Hightower Advisors, LLC or any of its affiliates.

Hightower Advisors, LLC is an SEC registered investment advisor. Securities are offered through Hightower Securities, LLC member FINRA and SIPC. Hightower Advisors, LLC or any of its affiliates do not provide tax or legal advice. This material is not intended or written to provide and should not be relied upon or used as a substitute for tax or legal advice. Information contained herein does not consider an individual's or entity's specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change. Clients are urged to consult their tax or legal advisor for related questions.