

# Is your business prepared for disaster? Step #6: Know your finances.



When it comes to disaster planning, preparing your finances is just as important as preparing your physical space or your employees. Maybe even more so. In case of an emergency, you'll need funds to help your business recover and keep up with regular expenses. And for damages or losses, you'll want to make sure you have adequate insurance coverage. So, how well do you know your finances?

If you're a small business owner, discover how to prepare for emergency expenses and how to protect your assets with insurance. Then, download the printable finance form below.

## **How to prepare for emergency expenses**

- Identify your critical financial obligations - the ones you can't go without paying every month.
- Have an emergency cash reserve fund to purchase supplies or equipment.
- Have a credit card or line of credit available, in case your cash reserves aren't enough.
- Create a policy regarding payroll during and after a disaster, and be sure employees are aware of it. (Important: Don't assume they'll work without pay.)
- Establish clear strategies for controlling costs in a disaster situation.

## **How to protect your assets with insurance**

Long before you're faced with a disaster, you'll want to meet with your insurance agent to make sure you have enough coverage. Most policies do not cover flood or earthquake damage, so you may need

supplemental protection.

Additionally, we encourage you to consider the following: Do you want to be reimbursed for business disruptions, in addition to physical losses? (Who wouldn't, right?) Even if you close your doors for only a short time, the impact on your revenue can be substantial. So, adding contingent business income coverage can ensure you're covered for loss of income, as well as income interruptions due to damage that occurs away from your premises, such as to your key customers, suppliers or utilities.

**#DidYouKnow:** Contingent business income coverage can ensure you're covered for loss of income as well as income interruptions due to damage that occurs away from your premises, such as to your key customers, suppliers or utilities.



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Want to see if you're - financially prepared for a problem? Download our printable finance form today. Use this checklist to help you know your finances as well as your overall business needs in the event of a disruption.

# Financial Checklist

Use this checklist to consider and plan for your business financial needs in the event of a disruption.

Updated: \_\_\_\_\_

Next review date: \_\_\_\_\_

## Overall business needs

Have you worked with your bank to set up a line of credit for your company? ☐ Yes ☐ No

If yes, who is responsible to activate it and who has access to it?

How much cash is needed to survive a 3-day \_\_\_\_\_, 5-day \_\_\_\_\_, 10-day \_\_\_\_\_ or longer shutdown?

For what purpose is the cash needed?

Will you have that cash on hand?

Who would make the decision to utilize the cash?

Who would have access to the cash?

Do you have sufficient cash to pay for various additional services that might be needed, such as janitorial or security services? ☐ Yes ☐ No

Do you have a company credit card that could be used for emergency purchases? ☐ Yes ☐ No

Who is authorized to use the credit card?

Will you be able to pay your bills/accounts payable? ☐ Yes ☐ No

Do you have procedures in place to accommodate a business disruption? ☐ Yes ☐ No

Will you be able to continue to accept payments from customers/accounts receivable? ☐ Yes ☐ No

Have you identified an alternate location where you can work? ☐ Yes ☐ No

## Human resources

In the event of a widespread disaster, how will payroll be handled?

If your business is forced to shut down temporarily, will some or all employees continue to be paid? ☐ Yes ☐ No

For how long?

Will they be able to use their sick time and/or vacation time without restriction? ☐ Yes ☐ No

Are there union considerations? ☐ Yes ☐ No

Have your employees been made aware of your policies that will be in place during a disruption? ☐ Yes ☐ No

If banks are closed, will your business provide paycheck-cashing services? ☐ Yes ☐ No

What is your business's policy on cash advances, check cashing and employee loans?

Will your employees be expected to work overtime? ☐ Yes ☐ No



*Frankly speaking, the best businesses are prepared for the worst, and our Disaster Preparedness Guide has you covered.*