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After disaster strikes, how businesses recover

By Marc Berthiaume

The unimaginable has occurred. Your business has been destroyed or heavily damaged. The disaster could be natural or technological: fire, flood, hurricane, tornado, a power outage, e-mail virus, equipment failure or data loss.

But you are prepared because you have a disaster recovery and business continuity plan in place — the most important proactive step a business owner can take. (See “Is Your Business Prepared for Disaster?” March 14-March 27 *New Hampshire Business Review*.) If so, you are one of only 45 percent of businesses that will still be viable two years after a disaster strikes, according to the U.S. Department of Labor.

Several terms are used interchangeably when discussing disaster planning and recovery, but each indicates a certain level of preparedness.

A disaster recovery plan, or DRP, outlines actions to recover from a disaster, including planning steps to avoid risks, mitigate them or shift the risk to a third party through insurance or other means. This type of plan is applicable to all aspects of a business, but usually used in the context of IT operations.

A business recovery plan, or BRP, takes DRP one step further and includes efforts to get the business running again by the rest of a company’s operations, including provisions for restoring customer and supplier relations.

A business continuity plan, or BCP, allows your business to function at a possibly reduced level of operations during and immediately following an emergency.

A business owner must ensure that all potential disasters have been identified and the appropriate plans have been put in place. To review, the key disaster-recovery components that must be in place before the disaster are:

- Backup of data and off-site or online data storage before disaster occurs
- Workable strategies to follow when disaster occurs
- Outline for recovery following the disaster
- Maintenance of sufficient insurance coverage
- Creation of an off-site disaster toolkit that contains all pertinent company information and can be accessed easily upon disaster



The team goes to work

When disaster strikes, hard work begins for the business owner and staff to implement previously developed strategies that will need to be followed.

These include immediate disaster response and starting the process of recovery. The business owner or disaster team coordinator must be like the captain of a ship, making certain that these strategies are followed in order to have the best possible chance for recovery.

After the immediate evacuation or rescue of staff, ambulance transport, family notifications (if necessary), and all staff accounted for, a previously designated disaster team coordinator, with copies of all plans, will provide a business recovery work area. The team will have cell phones for communication purposes. The disaster coordinator will refer to a recovery area checklist (part of the disaster preparation that includes square-footage required, furniture, equipment, computers, etc.) and begin to set up emergency business operations.

From that point, the team will start to plan for long-term recovery, implementing the disaster recovery strategies and processes that had been previously developed by the company.

Planning meetings will be held with key department personnel and staff to discuss damage assessment, status updates, available resources and business functions, timelines, review of necessary tasks, assignments of staff, goals and objectives, and distribution of necessary forms and press releases.

Another key function of the disaster coordinator is to make sure that steps are taken as soon as possible to contact the company's insurance providers, the U.S. Small Business Administration, if disaster loans are needed, and also the Federal Emergency Management Agency for aid, if necessary.

The SBA stresses the aforementioned necessity of storing financial records in a safe place beforehand. With regard to applications for SBA disaster loans, the agency says it "must review a financial statement for each owner and each partner, officer, director and stockholder with 20 percent of more ownership."

When companies develop disaster recovery and business continuity plans, they are providing for the long-term security of their businesses. The development of such plans is relatively low-cost, as they depend largely upon good organization and planning with few up-front costs. Ensure the longevity of your business by preparing a sound, well-structured, disaster recovery and business continuity plan.

The information in this article is intended to familiarize readers with some key elements necessary for recovery after disaster. It serves only as an introduction for companies interested in developing their own disaster recovery plans.

Marc Berthiaume is president of MJB Technology Solutions, a vendor-neutral technology adviser and partner for small to medium-sized businesses. He can be reached at marc@mjbsolutions.com.