

March 2009

In This Issue

Practical Disaster Planning



Practical Disaster Planning for Your Business

Every business we know is always one phone call away from disaster. It could be a major Customer calling to cancel their contracts, your doctor with bad news about your health or your bank calling to call your loans. Understanding the realistic risks your business faces is the first step in making sure your business can withstand the phone call that in many instances can spell the end for your business.

The first step in planning for a disaster within your company is keeping your list simple. We're not trying to list every possible scenario that could affect your business. We only want to plan for the top three to five things that can go wrong.

Start with a brainstorming session

We suggest you start your planning session with a brainstorming session with your key people. In this session you will want to list everything that could possibly go wrong with your business that would cause serious economic pain or upheaval. As with all brainstorming sessions, there are no good or bad ideas. You just want to develop as exhaustive a list as possible.

After you have created your list you should have at least twenty items and as many as one hundred items listed. From this list you will want to start eliminating items that are unlikely to happen. Bringing your list down to ten items should not be a challenge. However, going from ten to five is often difficult and might take some time.

Revisit your list on a regular basis

Moving your list from ten to five can be a challenge. For this reason you will want to only deal with disasters that have a realistic chance of happening in the next six months to a year. You will want to revisit your list every six months to make sure that your plans are in place for events that could happen.

The more detail you can provide for who will handle what part of the disaster planning program for your company, the more likely your company is to survive your own particular challenge. Areas that should be included in your planning are cash flow planning, dealing with the media, communicating your action steps to your employees, having a system in place for clearing all information and setting up a communications and planning center for making minute to minute changes.

Many times the survival of your company will depend on making minute to minute changes that focus the actions of your company to those that will help you survive whatever challenge you are facing. When facing a disaster in real time flexibility is a trait that is important and one that will be used on a regular basis.

Remember, you and your staff have most likely never experienced the particular

We believe that a successful wealth management relationship starts with clarity of purpose.

Before embarking on any plans or strategies with our Client, we first seek to develop a clear understanding of your personal and financial goals.

We then work with you to select and implement strategies that will help you move toward your goals.

challenge you and your company are planning around. Building a method for being flexible in dealing with this issue is one that is important and could ultimately save your company.

A note on personal health

Part of your disaster plan should always have one slot reserved for an extended absence by the owner of the company. This is the most likely challenge you and your company will face. If you have a cardiac issue, cancer or an accident your absence will be noticed from your company. Many times there are activities that only you deal with. If this is the case, you will need to find an alternate way for those critical activities to be handled.

The most significant person in your business is likely to be you, the owner. If you're not available the question isn't whether the business will suffer, it becomes how much will your business suffer. Most business owners we know overestimate how well the business will run when they're not available. This mistake could mean either the end of your business or at least a serious setback that could take years to repair.

Cash is king

Finally remember that whenever a disaster hits your company, cash is king. Your first and foremost action should be the preservation of cash for a rainy day. Most disasters will cause either higher expenses or a reduction of sales. In many cases both of these actions happen simultaneously.

Each of your disaster scenarios should have cash flow planning attached to them. You will want to know what you think the affect will be on the cash that your business needs to survive.

We at Stage 2 Planning would be glad to spend some time with you reviewing your disaster plans and the insurance you have in place to deal with disasters that might happen. If you would like more information, please contact us at your convenience.

Warmest Regards,

Josh Patrick

Josh Patrick © 2009

Stage 2 Planning Partners is a member of PartnersFinancial, a division of NFP Insurance Services, Inc., which is a subsidiary of National Financial Partners Corp., the parent company of NFP Securities, Inc.

Representatives listed on this website are currently registered to conduct securities business in the following states: AZ, CO, CT, FL, IL, IN, MA, MT, NC, NH, NY, PA, RI, VA, VT, WA

NFP Securities is not affiliated with Harris-Murray

The Patrick Group | 20 Kimball Avenue | Suite 201 | South Burlington | VT | 05403