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Preparedness: Why crisis planning matters even more in today's economic climate

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Written By: Jill FitzSimmons

Mike Abbott recalls the haunting speed of the floodwaters that crept up to his Chehalis business in December 2007. After loading a trailer of goods from his communications store to be relocated closer to the interstate at his new, high-end electronics store, he stopped briefly, wandering into ankle-deep waters to help a neighboring business move its trucks to safety. By the time he returned to his own truck, the water had risen to Abbott's waist.

Going to bed that night, Abbott listened to the ominous thump-thump-thump of the rescue helicopters overhead. It sounded like something out of a Vietnam War movie, he recalled.

The next morning, after finding three feet of water in his old store, Abbott headed out to check on his electronics store. As he got closer, his heart sank. It appeared the shopping mall his store was in was sunk in the middle of a lake. From a rowboat, he peered into the windows to see two feet of water standing in the new store.

"I sat and thought, 'What could I have done differently?'" he said.

Natural disasters

Rainstorms pounded southwestern Washington for two days that December, causing the Chehalis River to rise quickly and spill violently over onto the valley floor. Commerce was crippled in Chehalis and Centralia when a stretch of Interstate 5 closed for nearly five days. Homes and businesses were destroyed. Lives were lost.

A veteran businessman, Abbott opened CLS Communications in 1992. Four months before the flood, he expanded, opening CLS Electronics in the Twin City Town Center. Abbott had 12 employees between the two businesses and was doing \$1 million in annual sales. After the disaster, loans from the Small Business

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Administration didn't cover damages. Abbott had no flood insurance. Sales plummeted from December through February. On May 31, 2008, Abbott locked the doors for good. It was a business owner's nightmare.

Looking back, Abbott concedes that a business continuity plan would have given his business a fighting chance at surviving. He should have prepared a plan to move more items, including his computers, out of his stores. The plan could have established an alternate location for the electronics store. And the plan could have included an escape route and the names of people he could call for help. "I probably should have almost stripped my store down," said Abbott, who today works for a two-way radio dealer.

But Abbott thought such plans were for big businesses that had much more to lose, not to mention the manpower to initiate such a plan. Besides, he never dreamed such destruction could be possible.

"You never think the worst," he admitted.

Grim outlook for survivors

The statistics for business owners like Abbott who are hit by a disaster are daunting. Recovery from disasters — floods, earthquakes, fires, wind and snowstorms, power outages, wildfires — is measured in years, not months. More than 60 percent of businesses confronted by a major disaster close within two years, according to the Association of Records Managers and Administrators.

The good news: economists calculate that every dollar spent on preparing for a disaster saves \$7 in response, according to the Washington Military Department's Emergency Management Division.

Preparing a business continuity plan

A business continuity plan is one way to prepare a business for those financial blows. The goal of such a plan is to build a business' resiliency. Resilient businesses are better able to bounce back from a variety of impacts, from natural disasters and economic downturns to something as simple as a key vendor going out of business.

"A business continuity plan, if developed correctly, will allow a business of any size to rebound quickly from a variety of impacts that otherwise could be crippling," said Wendy Freitag, EMD business liaison. "Preparing a business continuity plan is not something that's only useful post-natural disaster. It could help businesses weather the storm of our severe U.S. economic slowdown."

The state Military Department's EMD has perhaps the most thorough Web site in Washington (see sidebar) with links dedicated to helping businesses prepare for and recover from a disaster. The state Web site was established to be a one-stop shop for small and mid-sized businesses and local emergency management jurisdictions.

Most vulnerable

"The business community that's most vulnerable in disasters tends to be mid- to small-size business," Freitag said. These businesses continue to lack the resources and time dedicated to business resiliency, she explained.

Freitag suggests businesses take a year to put together a continuity plan, breaking it down into manageable monthly tasks. The EMD has a tool called "12 Steps to Comprehensive Business Planning and Preparedness" on its Web site that outlines month-by-month those steps that can be taken.

Diane Schurr, Pierce County Emergency Management's economic resilience coordinator, advises businesses to

start with the basics when putting together a continuity plan. First, determine how you can reach your employees so communications don't break down within your business. Establish a location where you will regroup. Back up your computer files weekly and store those records off-site. Then put together a list of telephone numbers to call so you can find assistance.

Employee involvement

Next, it's time to get your employees involved and begin putting together a plan.

One of the most well-known and circulated resources among emergency management departments is "Open for Business," by the Institute for Business & Home Safety. "Open for Business," which can be found on the EMD Web site, is a 47-page document that includes 13 forms. When completed, the forms provide a continuity plan.

Later this year, EMD will also offer the "Disaster Resistant Business Tool Kit" on its Web site. Unlike "Open for Business," this is an online resource users can work through and save. It provides a customized plan to each user for not only the response phase but the recovery as well.

Many companies have pieces and parts of a continuity plan but don't know how to pull it all together. This new online resource will do that for them, said Schurr, who oversees a pilot project offering the tool kit to businesses in Pierce County prior to its release. Businesses interested in a copy of the DRB tool kit can contact Freitag.

Freitag would like to see more businesses complete continuity plans before disaster strikes. It shouldn't take a disaster, economic or natural, to get businesses working on these plans.

"It needs to be at the front end of the start-up process," she said. "Business continuity planning allows you to understand your business inside and out and where those vulnerabilities lie."

Sidebar: AWB helps staff EMD's Emergency Operations Center

AWB is partnering with the Washington Military Department's Emergency Management Division to provide assistance to businesses during times of disaster.

"The program started in June 2007, following the winter storm of 2008," said Wendy Freitag, EMD's business liaison. "We saw a real need for two-way information sharing between private industry and government."

"Large businesses have the means to respond to disaster, but small- and medium-sized businesses generally have little in the way of contingency plans," said AWB Vice President of Government Affairs Dick Walter.

Since 2007, three AWB employees have volunteered their time and learned — through considerable training — how to help businesses during catastrophic events. If the state's Emergency Operations Center is activated to respond to a Phase Three disaster, one of these liaisons will always be there, even late at night.

AWB Membership Department Manager Sean Heiner finds the work very satisfying.

"During the recent flooding, we received a request for food for relief workers in Carnation," said Heiner. "We were able to contact key AWB members, like Safeway and Costco, and we were able to provide plenty of food to the relief workers. It was good for everyone. We were able to help lots of people that day."

Sidebar: Planning for disasters, both natural and economic

When a disaster strikes, could you turn to your competitor for help?

One of the most important ingredients of a business continuity plan could be a memorandum of agreement with another similar business, said Ross McDowell, deputy director of the Division of Emergency Management in Lewis County. If your business needs to shut down for a few days, you may need another site for supplies to be delivered, or for some aspect of your business to be carried out. Don't count out your competitors, who have similar machinery and equipment, McDowell said.

When developing your continuity plan, here are some other tips taken from the Washington Military Department's Emergency Management Division:

- Work closely with your local law enforcement, fire, emergency medical service and emergency management offices in all planning endeavors. Coordination is the key to success.
- Make sure an evacuation plan is a vital part of your emergency plan.
- Conduct training classes with all employees on how to carry out your emergency plan. Your employees will look to you for direction and leadership during a disaster.
- Have a National Oceanic and Atmospheric Administration weather radio in your office for official notification of any predictable disaster.
- Maintain an accurate list of all employees, their phone numbers and emergency contact numbers for use in the event of an emergency.
- Practice your business emergency management plan at least twice a year, making sure that you change any part of the plan that proves problematic during the practice.
- Back up computer data on a regular basis. Consider file storage off-site to facilitate recovery.
- Have a recovery plan as part of your business emergency plan. Before the disaster, identify what types of losses your business could incur.
- Identify an alternate site for your business operation. Know ahead of time places that would adequately facilitate continuation of your business.
- Develop an emergency contact list of all suppliers, insurance agents and all other people and organizations you might need to notify in the event of a disaster.
- Make certain your business has adequate insurance to cover losses incurred by a disaster.
- Maintain a current list of all company equipment and resources, including model and serial numbers, along with the purchase price and vendor.

If you have a home-operated business, don't assume your homeowner's insurance will cover your business. You might need an endorsement on your insurance policy to cover business losses. Check with your insurance agent before the disaster strikes.

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Association of Washington Business

PO Box 658 1414 Cherry St. SE

Olympia, WA 98507

(360) 943-1600