

WORSE CASE SCENARIO

PLANNING FOR YOUR BUSINESS' SURVIVAL

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WORSE CASE SCENARIOS

- Fire
- Flood
- Loss of Personnel
- Loss of Premises
- IT System Failure
- Theft
- Large Scale Illness (Swine Flu)



Leads To:

- Loss of Income
- Loss of Clients
- Possible Legal Penalties
- Breach of Contract
- Claims
- Serious Damage to Reputation



The Stats:

- 64% of small-business owners have never spoken with their insurance agents about developing a business continuity plan.
- Only 10% of small-business owners cite their insurance agent as a primary resource for help in identifying and managing business risk. Most rely primarily on attorneys (28%), their own experience (23%) or their peers (25%).
- 44% of small-business owners are operating without a business continuity plan-despite American Red Cross data that as many as 40% of small-businesses do not reopen after a disaster.
- 53% of small-business owners spend less than 10 percent of their time identifying and preventing business/operational risks.

Information from U.S. Chamber of Commerce America's Small Business Summit 2010, in Washington, D.C.

**MANY SMALL BUSINESSES perish
after experiencing a major disaster.**

Business continuity planning is about helping you bring continuity to your operations so that you can maintain services through this process. Your clients expect things to stay as "business as usual". For management companies, the loss does not have to be that significant for a small business to perceive it as significant. A loss of one key employee can send shockwaves throughout the community associations industry.

Who can help you with business continuity planning and analysis?

- Your Insurance agent
- Your Attorney
- A business continuity analyst



How will they help you? They will examine and plan for the impact of scenarios such as:

- The irretrievable loss or destruction of key paper files, particularly where they relate to accounting or legal processes;
- Putting into place back-up systems and offsite hosting of important files and records;
- The consequences of a key member of the organization suddenly becoming unavailable;
- The theft, destruction or catastrophic failure of servers or computer software;
- The effect on work or work processes if employees are unable to gain access to the office or their computer files.
- Create a response plan that will identify the roles and responsibilities of key staff in times of crisis.

Hosted systems also provide continuity of workflow. If employees are unable to reach company premises, they can still work on data and documents from home. Similarly, if a key employee becomes suddenly unavailable, the hosted system will enable a company to access work and documents without interruption.

From a management perspective, this is crucial. Missing contractual, legal or renewal deadlines could risk irretrievable loss to your business assets and reputation – or worse, those of your clients.

What Can I Do Now?

- Maintain adequate insurance coverage. Carry some form of property damage insurance, which covers furniture, computers, software, and virtually anything movable. Most policies offer replacement value with a set dollar coverage limit.
- Two additional types of insurance are business interruption coverage and additional expense coverage. These coverage's are relatively inexpensive and provide important protection. Business interruption insurance will cover lost business after a disaster and the additional expenses insurance will cover added costs of operating during recovery.
- In another vein, consider whether you need liability insurance that protects your business from the building owners' and other building tenants' claims if a fire resulted from a firm member's negligence.
- Maintain adequate computer file backups. Backing up files at the end of the day and taking the tapes home should be part of every management office's routine. For added protection, there should be two sets of tapes--yesterday's backup always should remain at home and the tapes from the day before should be brought to the office to be used as the current day's backup. If the entire hard disk isn't copied, a copy of the system software and programs should be stored off-site.
- Develop a computer HARDWARE backup plan. Backup files are of little value if there is no computer to replace the one that was destroyed.

a) One approach is to seek an agreement with a local vendor that enables your office to borrow equipment immediately while an order is being processed.

b) Another idea is to establish an emergency backup agreement with a local company that has compatible computer equipment that can be used after a disaster.

- Having timely access to computer hardware may be one of the most critical elements in disaster recovery, and your office must know where to turn for this support.
- Plan for temporary physical needs. You should know the minimum amount of space necessary for recovery operations and how it can be secured in a short time period. Include furniture and communication needs in the plan. Your office supervisor should discuss with local realtors the possibility of procuring emergency short-term office space in case disaster strikes.
- Maintain a neat office. The items likely to suffer the most damage in a fire or other disaster are the ones left in the open. If possible, only the files needed for current work should be kept out and refilled at the end of the day. Even regular file cabinets can provide some protection. Remember, any files on top of a desk are liable to be lost in a fire.
- Keep an inventory list, including photographs when appropriate, of the office contents. A copy of this list should be stored off-site.

To discuss this matter further, please contact:

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