



Small Businesses Unprepared for Severe Weather

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Almost half of small businesses don't have a plan in case of flooding, fire, or other catastrophe, and nearly 40 percent of all small businesses won't survive disaster.

Nearly half of small businesses are operating without a continuity plan in case of disaster and just over a third have spoken with an insurance agent about developing one, says a recent survey. This is despite a separate American Red Cross report that two out of five small companies don't reopen after hurricane, fire, or other catastrophe.

The Travelers Select "Risk Management on Main Street" report comes as the National Oceanic and Atmospheric Administration is predicting as many as seven major hurricanes this hurricane season, which runs through November 30. That's a more active season than most. Meanwhile, small businesses in the Midwest already have had a scare this year that the Red River will likely flood for the second year in a row.

Small business owners "largely focus their efforts on growing their business and, too often, they overlook risks that could stunt that growth and/or even shut their doors for business permanently," Marc Schmittlein, president and CEO of the division of Travelers that caters to small businesses, said in a statement. "The most successful owners are those that balance their pursuit of growth with a prudent approach to risk management."

The survey suggested business owners are optimistic and possibly overconfident that their companies are protected against the risk of significant financial loss or going out of business – though 40 percent say they don't have the time to identify and manage operational risks, 41 percent are "extremely confident" they'd survive catastrophe and 53 percent are "somewhat confident." Just six percent doubted they'd survive disaster.

Think you're in the clear because you came up with a plan years ago? Think again – disaster plans should be reviewed yearly. Nor is being on a tight budget a good reason to skimp on emergency plans – because you could end up bearing far worse costs.

Nancy Rackear of the U.S. Small Business Administration told the Miami Herald: "There will be business owners who will think to themselves they can't afford to prepare... because business is off. What I say to them is that, 'You can't afford not to [prepare.] If you do not, you could lose everything in a matter of hours.'"

Need some help disaster planning? Try the Institute for Business & Home Safety www.disastersafety.org, the Small Business Administration www.sba.gov/beawareandprepare/business.html, and the federal government's guide – and of course, Inc.'s guide on business continuity planning.