

Stony Brook University Small Business Development Center

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Organizing Your Business and Financial Records –

***Take Steps to Prepare and Protect Your Business and
Financial Records in Case a Disaster Strikes***



**Stony Brook
University**



U.S. Small Business Administration

SBA
Your Small Business Resource

Disasters Don't RSVP

- *Disasters can strike at any time.*
- *Disasters can affect your home, your small business, or BOTH!*
- *Hurricane Sandy was a wake-up call for all Long Island small business owners.*
- *Were you properly prepared on October 29, 2012?*
- *Will you be prepared for the next disaster?*



What Is a Disaster Recovery Plan — And Why Should I Care?

- *The goal of a Recovery Plan is to get your business back up and running.*
- *Business continuity is disaster recovery.*
- *Lost revenue is a serious hurdle to business continuity.*
- *The reason to do a recovery plan is to keep the business going, cash flow coming in and the customers served.*

What Do I Need to Think About?

- ***Emergency planning*** are those procedures and steps done immediately before/after an interruption to business.
- ***Disaster recovery*** are the steps taken to restore some functions so that some level of services can be offered.
- ***Business continuity*** is restoration planning, completing the full circle to get your organization back to where it was before an interruption.

Be Prepared or Be Sorry

- *According to the Insurance Information Institute, 15% to 40% of businesses typically fail following a natural or manmade disaster.*
- *Small businesses are even more vulnerable.*
- *The New York State Small Business Center estimates 70% of small businesses never fully recover from a disaster.*

Disaster Planning – “Getting Ready”

- *Business interruption can strike at any time*
 - *Weather*
 - *Fire*
 - *Theft*
 - *Flooding*
 - *Health/Death*
- *Take the appropriate steps before an event occurs*
 - *Analyze risks*
 - *Create an action plan*
 - *Access resources for future liquidity needs*
 - *Document business assets*
 - *Safeguard critical business assets and financial records*

Risk Assessment

- *Identify what kinds of hazards are most likely to affect your business*
 - *Geographic*
 - *Health-related*
 - *Human Error*
 - *Physical*
 - *Historical*
- *Evaluate your preparedness level*
 - *Insurance Coverage*
 - *Contingency Planning*
 - *Financial Liquidity*
 - *Organize your business and financial records*

Is Your Business Covered?

- *How much can you afford to lose?*
 - *Asset Replacement*
 - *Business Interruption*
- *Review your insurance coverage with a reputable insurance agent/broker.*
- *Determine the critical assets that require coverage.*
- *Make sure exclusions and deductibles will provide adequate reimbursement after disaster events.*
- *Obtain a line of credit/build up a financial cushion as part of your own self-insurance program.*

Recovery Planning

- *Customers*
- *Vendors*
- *Employees*
- *Equipment and Systems*
- *Physical Plant*
- *Business Information/Document Retention*

Start Planning Now

- *In creating a disaster plan, don't become overwhelmed by the tasks ahead.*
- *Work on it in sections and as time permits.*
- *Focus on what's most important*
 - *Equipment replacement*
 - *Record recovery*
- *Make some plans that can be implemented in the event of an interruption.*

Recovery Planning: Analyze Your Business

- *What are your business functions and services?*
- *Identify your customers.*
- *How do you serve them?*
- *What are your equipment requirements? (cars, computers, etc.)*
- *Who is critical to your operation?*
- *Which functions and services are most important to your business?*
- *What would be the impact on your services to your clients?*
- *How would a loss of critical personnel impact the business' functioning? (For example, if your expertise is important to your operations, what will happen if you cannot perform those services?)*

Recovery Planning: Business Impact Analysis

- *A Business Impact Analysis determines how many days or weeks you can operate without your regular stream of income.*
 - *How long will it take before the loss of income affects the delivery of your organization's services?*
 - *How many payroll periods can you meet with no income?*
 - *How many vendors will get paid? Which ones?*
 - *What is your cash reserve?*
 - *What is your budget for purchasing equipment that would be needed if an event occurs?*
 - *How long will it take to implement your business continuity plan and get back to normal operations?*

How and Where Are Your Business Records Stored?

- *After a disaster strikes it's too late to worry about keeping your business records safe.*
- *The Hartford Small Business Pulse: Storm Sandy research report found only 25% of small businesses had backups of critical programs and data.*
- *Keep physical records (documents and computer data) in a safe location.*
- *Include daily, even hourly backup as part of your business routine.*
- *Online backup can be the safest, as long as you can get back on the Internet quickly.*

Keeping Track of Your Assets

- *Know what assets your business owns in order to replace them.*
- *Keep a log of major purchases including receipts, item description, purchase date and purchase amount.*
- *For older assets, take pictures and log a description of the asset.*

Organizing Your Financial Records

- *Keep detailed records (invoices, receipts, billing statements, check stubs, bank and credit card statements) of monthly sales and business costs.*
- *Go paperless!*
 - *Maintain your accounts online (safeguard user names and passwords)*
 - *Invest in a high-quality scanner*
 - *Request digital copies of tax and payroll records*
- *Save critical business records off-line, and off-premises.*
 - *Certificate of Incorporation*
 - *Ownership Agreements*
 - *Property deeds*
- *Utilize available software tools, like Quickbooks and BackBlaze.*

Conclusion

- *Analyze Your Disaster Risks*
- *Start Planning*
- *Start Saving/Access Lines of Liquidity*
- *Organize Your Business Records*
- *Regularly Review/Update Your Plan*
- *Be Ready to Execute the Plan*

Contact Information

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Questions and Answers