

# Preparing for Disaster

Be ready for the worst by evaluating your shop's assets and business insurance coverage.

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With the recent increase in hurricanes and other natural disasters, it's more important than ever to make sure your shop is properly prepared to survive the unexpected. Business owners who plan ahead often are able to get back into production quickly with minimal losses. With the right insurance coverage and accurate, up-to-date records, your company has a better chance to sustain fire, flood or other catastrophes.

The first step in disaster planning is to determine what business assets you have to protect. Do this by breaking your shop's property into categories:

**Ordinary business property.** This includes the furniture and non-computerized equipment housed in your workplace such as desks, file cabinets, refrigerators, phones, lamps, heat presses and non-computerized machines.

**Electronic equipment.** Electronic equipment is a crucial part of most businesses and can be costly to replace. List all the office equipment you have, including computers, scanners, printers, fax machines, copiers, as well as computerized screen printing and embroidery machines and the related software.

**Inventory.** Make a list of your consumable supplies (i.e. garments, ink, thread, hoops), works-in-progress and finished goods. These items will vary from day-to-day, but create a list that reflects the highest amount of production your shop could handle.

**Facility.** Even if you don't own the building your company works in, you may have put money into improvements such as shelving, lighting and additional sinks, and these should be covered in your insurance policy.

## GETTING TO KNOW YOU

Your insurance agent must understand

## Disaster Preparation Checklist



- Regularly update insurance on all business equipment and machinery.
- Where necessary, obtain flood insurance and/or backing up of sewer and drain(s) coverage.
- Back up data on a monthly basis and store backup in an offsite location.
- Keep insurance documents and photos in a secure, offsite location.
- Find an alternative business location.

how you run your business to provide accurate coverage and help you get back to work quickly should disaster strike. The way you conduct your business determines your risks and the protection you need, so give as much information as you can. For example, is your shop located in a retail setting? Do you take your business on the road? Do you or your employees pick up supplies or deliver finished goods?

Also, your agent needs to know the type of equipment you use and its value. As garment decoration moves

toward digital equipment, screen printers and embroiderers need insurance against electrical surges and other events that don't pose problems with manual machines. So when you buy a new piece of equipment, call your agent to add it to your policy. Finally, schedule an annual check-up with your agent to make sure your insured values are correct.

In addition to questions about your property, your agent needs an estimate of your gross sales for the year. This figure is important because it helps him know the necessary coverage for loss of business income. This coverage is crucial to the survival of your business and generally accounts for much of the claim following a disaster.

## WRITE IT DOWN

The next phase in disaster-proofing your business is to set up a good record-keeping system. Since most of your records are likely on a computer, this means backing up your data at least once a month and storing it in an offsite location. Your backed-up information should include financial records of your income and expenses. These will demonstrate what business you've lost

## Tip

Getting back to business quickly means serving your key customers efficiently. Make sure you have up-to-date versions of their corporate logos and designs so you can fill orders promptly and accurately.

## Help for High Water

Your business insurance policy will not automatically cover flooding or backing up of sewers or drains. If your business is located in the lower level or first floor of a building, this coverage is important, so ask your agent for a quote. Also call your county offices to find out if you are located in a flood zone and, if so, tell your agent.

Many business owners assume that flood insurance is unobtainable or too expensive. But it may be affordable and could be vital to your business. So get the quote and then decide whether you can afford it.



so your coverage reimburses your loss-of-business income.

In addition to your computer records, your offsite storage should contain a copy of your insurance policy and up-to-date photos of your facility and equipment. These photos will help document and serve as a reminder of what you've lost in a disaster and speed the process of getting your money.

### Tip

To make an accurate valuation of your property, your insurance agent should know the age and cost of each item. If you suffer a loss, you will want to be reimbursed exactly, so take the time to record the date you purchased each item and the original cost.

The final step in preparing to stay in business when disaster strikes is to create a plan for getting up and running as quickly as possible. The details of your plan will depend on the nature of your business, but here are some points to consider:

- Can you fill current orders even if your screen printing or embroidery

machines are destroyed? If you belong to an industry organization or association, you may be able to connect with other decorators that could help out while your shop regroups.

- Can your suppliers respond quickly in a crisis? Working with efficient suppliers can make a world of difference when your business is in crisis.
- Can you relocate your business if necessary? Now is the time to scope out an alternative location where you could do business if there is damage to the building where you work.

In the event of any disaster — fire, flood, electrical outage or major theft — you will want your insurance claim resolved quickly. Without adequate preparation, processing a claim can take as much as six or eight months. Business owners who have a good plan in place often see their claims resolved in as little as one month. Preparation is the key to protecting your business and getting back to work. ▲

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