

Customer Advisory

What next? How to minimize business disruption after a disaster

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If you're not prepared when disaster strikes, the thought of managing your response can seem overwhelming. What should we do first? Will we lose customers? How will we get through this? Will our business survive?

If your company doesn't have adequate plans for crisis management and business continuity—or if you haven't tested them—you may feel inadequately prepared for catastrophic events. But you can still use the basic principles of emergency management and business continuity planning to guide you through a disaster, minimizing overall disruption and loss.

1. Protect your employees

In any disaster, the first priority is the safety of your employees. After accounting for your employees, protect them from harm by either evacuating them to a safe location or sheltering them in place.

Once they are safe and the immediate crisis is over, your focus should change to a long-term strategy for ensuring employees—especially those with critical jobs or skills—are available to work. This can be challenging, particularly when the disaster is regional and essential employees may be experiencing the crisis on a personal level. Take care to consider their personal situation, and work with them to ensure their homes and families are safe. Consider creating alternative shifts to accommodate childcare or eldercare, relocating key employees to a hotel close to the company,

or providing transportation to work for select key staff. In addition, create a management-to-employee call tree for keeping all employees informed, telling them when to return to work, identifying obstacles, and preventing surprises.

2. Protect your assets

When a disaster causes physical—and possibly structural—damage to your building, it's critical to have a structural engineer assess the damage, determine whether the building is safe to enter, and outline specific steps to prevent the damage from worsening until it can be repaired. In addition, contact public utilities to ensure that gas and electricity are available and the lines are free of damage.

When it's time to address restoration, keep in mind that your organization will have to wait in line for service if you haven't pre-qualified a restoration company. But don't base your selection of a firm on the first available appointment. Instead, hire a firm that's right for your industry and can repair the specific damages at your property. For example, if you have critical paper documents that have been damaged in a flood, consider using a firm with expertise in restoring wet paper. Also choose a restoration company that is qualified to handle any hazardous materials you may have on site.

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3. Protect your business

Once your employees are safe and available and your building is adequately restored, turn your focus to restoring your business. This task includes protecting your public reputation; communicating with customers; communicating with suppliers and vendors; and resuming critical functions.

- **Reputation.** When it comes to protecting your reputation, you may have already communicated with the media at the time of the disaster. Now it's time to communicate the steps you've taken to restore the business, showing the public and investors how well you've managed the disaster. If you have attracted media interest—because of either your company's prominence or the damage to your business—make a public statement illustrating your ability to handle the situation. Call a press conference, and be truthful about what you have done and what still needs to be done.
- **Communicating with customers.** Tell your customers about the disaster, the damage, and whether it will impact your delivery of goods or services. If you cannot deliver as promised, explain why, tell customers when they can expect delivery, and take care to meet the new delivery timeline. If you cannot reschedule delivery to a

reasonable time frame, work with the customer to find a similar product or service from an alternate supplier. While it may seem unusual to work with a competitor, it is a valuable business continuity strategy that can help your company maintain customer commitments.

- **Communicating with business partners.** Notify your suppliers, vendors and contractors about the event and your schedule for resuming operations. Should suppliers hold delivery or deliver to an alternate location? Will vendors need to change the way they provide services? Answer these questions for your business partners. In addition, keep in mind that you may have an increased need for some vendors and contractors, such as those providing cleaning services and waste disposal. Contact these vendors as soon as possible to reserve their services.
- **Resuming business functions.** Going back to business as usual can seem overwhelming, but keep in mind that all functions do not need to be restored simultaneously. Consider your overall operations by department or business process, then have each manager identify the functions that, if not restored, could have significant legal, customer, or financial impact. For example, the function of paying employees would have a significant legal impact if not completed as required, while marketing and new-product development could probably be deferred until the business is well into recovery. Focus on restoring the most critical functions first.

4. Prepare for future events

Finally, once your business has recovered, start the process of business continuity planning. Or, if you were following a business continuity plan, evaluate its effectiveness and update it as needed. Keep in mind that disasters are often not “one and done.” Instead, one disaster can trigger another. It is important to plan for any possible disruption to your business.

How can we help?

Wells Fargo Insurance Services helps companies develop business continuity plans, test them against different scenarios, and update them to address new risks. For more information, please contact:

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