

Is your business prepared for disaster? Step #6: Know your finances.



When it comes to disaster planning, knowing your finances is just as important as safeguarding your physical space and your employees. In an emergency, you'll need funds to help your business recover and keep up with regular expenses. You'll also want to make sure you have adequate insurance to cover the cost of any damage or losses. How can you get to know your finances better? Here are a few important steps.

Prepare for emergency expenses.

- Identify your critical financial obligations: the ones you can't go without paying every month.
- Have an emergency cash reserve fund to purchase supplies or equipment.
- Have a credit card or line of credit available in case your cash reserves aren't enough.
- Add a company policy to your employee manual regarding payroll during and after a disaster, and be sure your employees are aware of it.
- Establish a clear strategy for managing costs and continuing expenses as part of your company's disaster recovery plan.

Protect your assets with insurance.

Long before you're faced with a disaster, you'll want to talk to your local, independent agent to make sure you have enough protection for your business. Most policies do not cover flood or earthquake

damage, so you may need supplemental protection for these perils, based on your geographic location.

Additionally, consider the following: Do you want to be reimbursed for business disruptions, in addition to physical losses? Even if you close your doors for only a short time, the impact on your revenue can be substantial. Adding contingent business income coverage can ensure you're covered for loss of income due to damage that occurs away from your premises, such as to your key customers, suppliers, or utilities.

Complete our financial checklist.

Want to see if you're financially prepared for a problem? Download our printable finance form today. Use this checklist to help you know your finances, as well as your overall business needs in the event of a disruption.

Frankly speaking, the best businesses are prepared for any disaster. Now that you know your finances, see how you can know your risks, know your operations, know your employees, know your contacts, and know your information technology. For any additional questions or support, contact your local, independent agents.

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