

## **Disaster recovery planning will help organizations get back in business**

By Lori McGinnis Black

Any disaster, whether it is a fire, flood or tornado, threatens the very livelihood of a business. A disaster recovery plan is essential.

A disaster plan is an organization's response to an event that threatens its ability to conduct business normally, said Denise Mainquist, managing director of ITPAC Consulting in Lincoln.

Working alongside the Federal Emergency Management Agency and the state emergency management team, the U.S. Small Business Administration will assess damages and provide direct loans that often serve as additional financing not filled by adequate insurance coverage, said Leon Milobar, director for the Nebraska district office of SBA.

Businesses need to think through the process of developing a disaster recovery plan, said Jack Struyk, president of Lockton Companies-Nebraska,

Companies need to carry property insurance to protect them in the event of a loss from a disaster such as a tornado, said Carl Zeutzius, director of sales and marketing at UNICO Group.

Many organizations develop a disaster recovery plan to identify how it will recover or rebuild computer systems and data, Manquist said.

A complete disaster plan covers all aspects of operating during a disaster, including how the business will continue operating if infrastructure is not available as well as disaster recovery plans.

The first step is to conduct a business impact analysis. Each department would identify critical business processes. A business can then define what supplies are needed to deliver those processes and the maximum amount of time it can be without a service or infrastructure, call Recovery Time Objectives.

"Once each department has determined its priority processes and RTO's, then information technology can respond with a disaster recovery plan for computerized systems," Manquist said.

After a governor asks for a federal disaster declaration, the SBA steps in to provide input to assess damages to businesses and homes following a disaster, Milobar said. The SBA follows up after everyone has applied to FEMA for disaster assistance, providing loans to homeowners, businesses of all sizes and private and nonprofit companies.

“Flooding can be a devastating disaster and it may take years for businesses to fully recover,” he said.

Milobar recommends all important documents and critical business be kept off site either physically or electronically, safe from potential loss. He also recommends that businesses in a potential flood areas purchase flood insurance.

The first step businesses must take is work through the process of what needed to be done in the event of a disaster, Struyk said. Decisions to be made include: who are the people who need to make decisions; where does a company get equipment replacements; if new space is needed, how is that to be done.

“The thought process can be daunting,” Struyk said.

A disaster plan should not be kept with one person, but rather Struyk recommends three people keep the plan at their homes. Lockton, an insurance brokerage firm that sells risk management advice, find most businesses today don’t have a disaster recovery plan.

Property insurance is important to protect companies from physical loss from a disaster, Zeutzius said. Companies that own a building need to have adequate coverage to replace the building. The limit of insurance needs to be adequate, for if the building is underinsured the company may face a coinsurance penalty, he said.

A company also needs to have a proper coverage for the personal property owned.

“Companies need to be proactive and work with their agents to make sure all their property exposures are covered properly to make sure they don’t suffer a financial hardship should a disaster happen,” Zeutzius said.

Aside from property insurance, many companies are vastly underinsured when it comes to business interruption and extra expense insurance, he said.