

Checklist for Re-Opening Your Business After a Disaster



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ARKANSAS SMALL BUSINESS AND
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Checklist for Re-Opening Your Business After a Disaster

Following a disaster, the immediate reaction of many business owners is to reopen their businesses as soon as possible. However, a post-disaster environment is anything but "business as usual" for you, your employees, key suppliers, and customers. It may therefore be prudent to reflect on your options before considering reopening.

To know what options are available to you, you should determine the financial health of your business.

Knowing the financial position of your business will give the information you need to determine whether...



You can afford to reopen your business the way it was before the disaster and how quickly you can reopen your business



You can or should expand, shrink or even close your business.

Preliminary Assessment

Should you reopen your business?	
	Were you happy running the business before the disaster?
	Were you making the profit you wanted?
	Did you prefer being your own boss?
	Have you considered other opportunities?
	Are you prepared for the potential extra demands that recovering your business will place on you, both personally and financially?

Have you done an assessment of the damage?	
	Is your facility operational?
	Can you reopen without significant repairs?
	Are your inventory, supplies, and equipment recoverable?
	Have any of your staff been affected by the disaster?

Checklist for Re-Opening Your Business After a Disaster

What are your chances for future success?

	Have you analyzed the potential demand for your product or services post-disaster?
	Have any of your key customers and/or suppliers been affected by the disaster, and if so, how will this impact your business?
	Has the disaster led to other businesses in your area closing, and if so, have you determined how this may impact your business?

Preliminary actions

	Have you contacted your insurance company?
	Have you given your insurance company your preliminary damage assessment?
	Has your insurance company been able to tell you what your insurance payout is likely to be, when it will be made, and whether it will be in the form of cash or asset replacement or a mix of both?
	Have you contacted your staff and key stakeholders (including local and government agencies) for support?
	Are you keeping staff and stakeholders, including key customers, suppliers, and lenders/investors, informed of what you are doing?
	Do you need to lay off staff for the time being?
	Do you need to postpone purchasing supplies/inventory?
	Can you cancel orders that you have made?
	If customer orders have been lost or damaged or you simply cannot support them on time, have you informed those customers?
	Do you qualify for financial assistance from the government, and if so, have you applied for it?
	Have you restored your computer data backups and other necessary information?

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Preliminary Assessment

What is the current financial position of your business?	
	Have you reconstructed the financial records of your business?
	If you cannot fully reconstruct your accounts, do you have access to historical financial statements or industry benchmarks?
	Have you determined how much cash your business currently has available by creating a cash flow statement?
	Have you created a balance sheet and a profit and loss statement from the beginning of the current fiscal year to the time of the disaster?
	Have you used your information in the cash flow statement, profit and loss statement, and balance sheet to analyze the financial health of your business at the current time?

Recovery Planning

Questions to consider as you create your recovery plan:	
	Have you developed your recovery objective?
	Have you established a recovery team with clear responsibilities from the recovery plan?
	Can you support such team members in working off site?
	Are you aware of all the requirements to reopen your business? For example, do you need to arrange for the short-term lease of equipment until yours can be repaired/replaced?
	Do you have adequate resources (staff, finances, etc.) to bring the business up to normal operating levels or to a level that reflects the current market conditions?
	Do you know what it will cost to execute your recovery plan?
	Can you afford such a plan?
	Do you have a marketing strategy in place to promote that you are open for business?
	Have you incorporated lessons from running your business prior to the disaster into your recovery plan?
	Have you incorporated your analysis of the market conditions post-disaster into your recovery plan?
	Does the recovery plan reflect the financial goals you want to achieve (net profit margin, ROI, etc.)?

Checklist for Re-Opening Your Business After a Disaster

Have you considered the following with respect to your recovery plan?

	Addition of new product lines or removal of existing product lines
	Addition of new services or a reduction of services
	Reducing operating costs
	Adoption of new technologies and processes
	Relocation

Funding the reopening of your business

	Can you afford to reopen your business?
	Have you completed cash flow and profit and loss forecasts?
	Have you used these forecasts to run "what if" scenarios to measure how your cash flows will be impacted by unexpected events?
	Do you intend to fund the reopening of your business from existing business sources, your own resources, other investors, banks, lenders, or a mix?
	Do the forecasts and your financial statements show whether the business can afford to use internal or external sources of financing to fund the reopening?
	If not, can you adjust your recovery plan so that it is affordable?
	If you cannot afford your recovery plan, have you considered exiting the business?
	Where the business has existing debt financing arrangements, have these been reviewed to ensure that the finance facility and structure fits the new needs of the business?

Sources of funding

	Even if you can fund the reopening of the business from existing sources, have you analyzed whether it is better to use external sources of finance?
	If you are seeking debt financing, have you spoken to your bank about your recovery plan and your funding needs?
	What existing lines of credit does the business have access to and can these lines of credit be accessed to fund the reopening of the business?
	If you do seek debt financing, what collateral do you have available to offer?
	If you are seeking debt financing, have you determined for what reason you are seeking the money (i.e. to replace inventory or buy equipment), the length of the loan term, and how much you will need?
	Have you considered financing the reopening of your business from your own resources or from other investors?

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Location	
	Given the potential change in market conditions, is your business in the right location?
	Are there any plans by local government or others that may impact the viability of the location of your business, such as changes that may restrict access?
	Have other businesses reopened or plan to reopen in your area?
	Is the size of your office/facility too large or small given the future potential of the business?

Major equipment	
	Do you have the plant and equipment that your business needs to reopen?
	If not, will you receive such equipment from your insurance company or will you have to purchase this equipment?
	If you have to purchase the equipment, have you analyzed whether it is better to purchase or lease?
	Is the purchase of equipment (including maintenance costs and insurance) justified, given the possible change in market conditions?
	Is the necessary expertise readily available to install the equipment?

Inventory	
	If inventory or supplies are to be replaced, have you reviewed historical information to see what is slow-moving?
	For inventory identified as slow-moving, have you considered removing it from your product lineup?
	Have you made an assessment of whether the changed market conditions will impact the buying patterns of your customers?

Marketing	
	How do you intend to advertise that your business has re-opened?
	Is there any promotion of your local area by government or others?

Checklist for Re-Opening Your Business After a Disaster

Pricing

	Have you undertaken a break even analysis to determine whether the prices you charge are making the profit you want to achieve?
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	Have you compared your pricing to your competitors?
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Lessons learned

	Have you documented lessons learned from your business recovery?
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	Have you considered putting in place a business continuity plan in case you go through another disaster?
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	Have you reviewed your insurance coverage to see whether it is adequate and whether there are any gaps in your coverage?
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Other

Business licenses

	If you lost copies of your business license, permits, or other official documents necessary to operate your business, have you approached the appropriate agency to get them replaced?
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Record keeping

	Have you considered what accounting system you are going to use to continue to keep your financial records up-to-date?
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	Are there any improvements you can make to your record keeping system, such as off-site backups?
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Statutory obligations

	Has your ability to file and pay such returns/forms/obligations been delayed?
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	Have your reconstructed financial records given you the necessary information and evidence to be able to complete such returns?
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Thank yous

	Have you thanked everyone involved in assisting you?
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ASBTDC Locations

