

Unexpected Disasters that Can Derail Small Business Success



One year after a hurricane hit New York City, 90% of affected businesses still needed financing to cover operations or reposition their business. And you find similar stories across the country. Develop a business continuity plan (BCP) now, before an unexpected disaster hits your business.

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When people think of disasters, the first thing that often comes to mind is natural disasters: hurricanes, earthquakes, floods, blizzards, and other major catastrophes. While those are certainly possible, and you should prepare for them, there are other less obvious disasters that can also trip up your business.

This blue cast will help you learn about some of the unexpected disasters small businesses may face, the damage they could potentially cause, and how to prepare for them to reduce your financial risk.

Here's What You'll Learn

-  How to assess the risk to your business
-  Tips for protecting your vital data
-  How to handle a disaster when it occurs
-  How bad management can be a disaster

Natural Disasters



Remember when Hurricane Sandy hit New York City? One year after the storm, **90%** of the affected businesses still needed financing to cover operations or reposition their business.

Storms like Sandy, and other natural disasters, can result in a loss of power, facilities, and personnel.

So, it makes sense to develop a business continuity plan (BCP) to help minimize the effects. The first step? You'll want to assess your risk.

Risk Assessment

The American Red Cross suggests researching the types of disasters most likely to affect your region of the country.

Also, think about the unique risks your industry has faced and research past insurance claims or historical events for clues. For example, a food services businesses might find others in their area have had issues with suppliers during a disaster.

However, one common precaution most small businesses should consider regardless of industry is to protect their technology and data.



Data Backup and Accessibility

When your “brick-and-mortar” office is out of service, you’ll want to back up your critical data. A cloud-based HCM solution, covering everything from payroll, to human resources, to retirement and health benefits, may help reduce the time needed to get your business back up and running.

Also, a man-made disaster like data theft can have the same damaging effect as a hurricane, or worse, on your business success.

Here are some tips for developing your own cyber security strategy:

- Regularly assess existing risks and update IT systems
- Back up your systems in the cloud with an accounting or full HCM solution
- Undertake an aggressive employee cyber security education program
- Install mobile device security measures
- Plan for a response to an unauthorized intrusion

Temporarily Relocating your Business

But what happens if your main location or data is inaccessible due to a natural or man-made disaster?

A continuity plan should identify one or more alternate sites you can use in order to continue your critical business operations. Ideally any alternate locations would be far enough away in order to not be affected by the same disaster, but close enough to be accessible.

Employee Action Plan

Crisis communication is essential during a major disruptive event. Be sure that your employees know their roles and responsibilities in a disaster. Document how you’ll communicate with employees in the event of an emergency, and update your employee handbook with any changes to policies and responsibilities.

Customer Updates

Once you have a business continuity plan in place you may want to consider letting your customers in on the plan. Put in writing how you’ll communicate with them via your website, social media accounts, by phone, or through whatever other methods you outline.

Natural Disaster Checklist

Once you're ready to begin creating your business continuity plan, use a checklist to help you gather and organize the information you'll need.

- Complete your contact lists
- Prepare your office environment
- Document your data and client files
- Decide what needs to be done before you leave

So, that pretty much covers acts of nature and data theft, but there's one more unexpected disaster we should discuss that could have a profound effect on your employees and your business as a whole.

Bad Management May be a Ticking Time Bomb

You might think bad management would be easy to spot right away, but many times business owners don't find out until it's too late.

So how do you know if a manager is posing a risk to your business? Here are some of the unproductive behaviors you should look out for:

- **Bullying**—The idea that fear is the best motivator.
- **Absenteeism**—A manager who's sequestered in his or her office and mostly inaccessible to employees.
- **Divisiveness**—A manager who plays favorites among staff and doesn't care who knows it.
- **Micromanagement**—Hovering over employees and undermining their initiative to put in more than the minimum amount of effort.

The good news is that once you recognize the signs of bad management, there are actions you can take to help make the situation better for your employees and your business.

- **Prepare in Advance**—Review employee complaints and other relevant information before discussing the issue with the manager.
- **Set a Goal**—What's the main objective you want to accomplish by meeting with the manager? An example could be outlining an action plan and setting a follow-up meeting to discuss the manager's progress.
- **Work Together**—Rather than being confrontational, focus on how working together can make things better.

Next Steps

We hope this blue paper helps you identify unexpected disasters that could affect your business. Here are some additional resources that may help you prepare for the worst-case scenario, so you can avoid damage to your finances and your reputation.

1. Create a Business Continuity Plan (BCP)

The government's Ready.gov website includes valuable information for establishing your own BCP, from business impact analysis, to recovery strategies, plan development, and testing and exercises.

<https://www.ready.gov/business/implementation/continuity>

2. Develop a Cyber Security Strategy

Almost every day there's another cyber security breach in the news, and many attacks on small businesses go unreported. Learn some simple steps to help protect your business and your data before an attack happens.

<https://www.paychex.com/video/management/cyber-security>

3. Business Continuity: Checklist to Prepare for a Big Storm

Emergencies happen. Businesses that are well-prepared can minimize the impact to their productivity and profits and get back online quickly. Here's a checklist that will help you prepare your business in case of a natural disaster.

<https://www.paychex.com/articles/payroll-taxes/business-continuity-checklist-for-big-storm>

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