

DON'T LET DISASTER CLOSE YOUR STORE!

by Linda Carter

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In light of this September's terrorist attacks we all should be much more aware of how quickly a disaster can strike. We do not mean just terrorist attacks but fire, floods, hurricanes, tornadoes, earthquakes, etc. Below is a checklist that we hope you all will use to see how prepared you will be if a catastrophe strikes.

___ Do you regularly (nightly) backup all data files?

___ Do you have a backup copy of all computer programs?

___ Are your data and program backups filed in a secure place that is not on the business premises?

___ Do you periodically review your insurance coverage, know exactly what your insurance policy covers and keep a copy of the policy offsite?

___ Are all transactions (merchandise invoices, customer payments, etc) entered into the computer every day and not allowed to accumulate?

___ Are all documents not yet entered into the computer kept in a drawer or file cabinet to prevent water damage in case of fire where a sprinkler system would soak anything not protected?

___ How would you replace your inventory?

___ How quickly could you replace your inventory?

___ Would there be extra costs associated with replacing your inventory?

___ If your store was heavily damaged, can you relocate temporarily?

___ How long would it take to set up a temporary store location, fixture it and have it ready to open for business?

___ How would you deal with your customers?

___ Do you have any customer property in your store?

___ What type of advertising or promotion would be needed to maintain business?

___ Which employees perform key functions?

___ If certain employees were unable to work, how would you replace them (either temporarily or permanently)?

___ Do you maintain up-to-date procedure manuals?

___ Do at least two employees know how to perform all key functions?

After you have answered the questions above, it is time to talk to your insurance agent about your store's coverage to ensure it is adequate. Most retailers carry enough property insurance to cover property losses. However, statistics show that more than 50% of the businesses that incur such losses never reopen for business. Why? Even though they had adequate property insurance, they simply did not have the cash needed to cover the on-going bills and expenses during the time the store was closed for restoration. There is insurance coverage designed to protect a company from such a financial loss - - business interruption or income protection insurance.

The function of business interruption insurance is to replace the operating income of a business during the time when damage to property prevents this income from being earned. It should be custom tailored to your store's individual needs.

If you do not have this coverage, do not wait any longer to get it. If you do have this coverage, review it with your insurance agent to ensure it is adequate.

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