

# Recover and Rebuild Your Business

You prepped, you planned, you did everything you were supposed to do. And yet here you are—staring down the aftermath of a disaster. Picking up the pieces may feel overwhelming in the moment, but you're not alone. There are people, organizations, and government agencies that will help you pull through this.

Part II of our two-part series focuses on recovery—what to do when disaster strikes and how to rebuild your business. Here, we'll explain how to:

- Locate and assess the needs of your employees
- Evaluate damage to your business, including facilities, equipment, and inventory
- Expedite your insurance claims
- Secure additional loans and financing
- Contact local suppliers and restoration companies that can help you rebuild
- Communicate with customers about outstanding orders and broadcast your recovery status
- Rethink how you do business in the future

Let's dive in.

## Check On Your Team

As a business owner, your first concern should always be the safety of your employees. People are, after all, your greatest asset.

Once a disaster has occurred, locate your team members as quickly as possible and assess their immediate needs. Some may be trapped at work or home; others could have lost a vehicle, a house, or worse. Consider how your company can help them access medical care, food, shelter, child care, and other essentials—even if it's only to redirect them to a temporary disaster assistance center designated by community officials.

If you have business interruption insurance, remind employees that it covers payroll. If you don't, promise them you will tap into your emergency reserves and cover their wages in cash (and then follow through).

"It is extremely important to pay your team," says Janice Jucker, co-owner of Three Brothers Bakery in Houston. The reason is twofold, she says: (1) Your business is your workers' livelihood and may be their only source of financial security, and (2) You can't reopen without them. Losing talented employees who have no choice but to seek paid work will hinder your business' ability to recover after a disaster.

As a business leader, you must project confidence. Do your best to convey a sense of stability during this tumultuous time, even if you're secretly a nervous wreck. Your team is counting on you to hold it together. Be the rock.

## Assess the Damage

After you've accounted for all of your employees, turn your attention to your commercial property. If it's safe to survey the site, see if the facility is operational and can reopen without major repairs. If not, begin a detailed assessment of the physical damage, taking measures to protect yourself against hazardous chemicals and weighing whether the building needs to be secured against theft and vandalism.

Decide if your inventory is salvageable or needs to be replaced, and what that will likely cost. These estimates will help determine what insurance will and won't cover and if you will need to apply for emergency loans to bridge the recovery.

No question, documenting the aftermath of a disaster is a painstaking (and painful) process. It is physically demanding and emotionally devastating. You must take photos and video of everything, scribble down serial numbers for insurance claims, let key vendors know about damaged stock, and recover or reconstruct your essential financial records, including banking details, payroll, supplier invoices, and federal and local tax returns.

A word about crisis communication: Depending on the nature and severity of your particular situation, you may need to report workplace accidents, fatalities, or environmental issues to the appropriate governing body. Only you, the owner, or a senior manager should communicate with public safety officers and other elected officials.

If there are hazards at your business that could impact your surrounding community, work with local officials to develop protocols for notifying the public. If an incident is serious enough, the news media will be on your doorstep in a flash. Contact an attorney or crisis communication firm before issuing a press release and only permit authorized spokespersons to interact with reporters.

## File Your Insurance Claims

Insurance companies are flooded with claims following large-scale disasters. The quicker you can file yours, the sooner they can send out an adjuster and the faster you'll get paid (assuming you qualify).

Though time is of the essence, think before you file. Most claims are processed on a first-come, first-served basis but calling in a claim before you've fully prepared could cost you thousands of dollars in unpaid damages.

Before you dial the agent, re-read your insurance policy. Make sure you understand your deductible, amount of coverage for contents and loss of use, and any exclusions or limitations. Avoid trigger terms like "flood," which may not be covered by your policy, and don't overshare. Just explain what happened, offer an overview of the damage, and ask what to do next. Jot down the names and dates of everyone you speak and what they tell you.

While you wait for the insurance company to send out an adjuster, make a spreadsheet of all lost or damaged inventory. Details should include the date of purchase, serial number, supplier invoice, and before-and-after photos. If you followed our advice in the first half of this guide, this information will already be documented in your POS or backed up to the cloud. Either way, it'll speed up the claims process and show the adjuster that you're prepared.

When you finally meet your assigned adjuster, be pleasant. Disasters are stressful and many small business owners assume the worst of their adjusters. But, as Janice notes, you “get more with honey than salt.” Your adjuster has been dealing with frazzled, adversarial entrepreneurs all day long. They are more inclined to negotiate a meaningful settlement if you remain calm and collected.

That said, don’t be afraid to ask the adjuster for what you need. “The relationship is a give and take,” says Janice. “Be willing to compromise and remember it’s a sales job: Have good documentation and sell them on your pain.”

## Secure Additional Funding

Even if you have the World’s Best Insurance Policy™, filing for reimbursement is a slow (sloooooow) process. It may take a month or more before you receive your first check—and two years before payments close out. Unless you have gobs of money in the bank, that means you’ll need additional funds to rebuild your business.

The good news: Your company may qualify for assistance in the form of government disaster loans, tax relief, grants, or other forms of financial aid.

Notably, the U.S. Small Business Administration (SBA) provides low-interest disaster loans up to \$2 million to help businesses recover from declared disasters. This includes repair and replacement costs for real estate, machinery, equipment, and inventory. If you go this route, brace yourself for a mountain of paperwork: statements of personal net worth, balance sheets galore, and several years’ worth of tax returns. The application process can drag on for months and there is no guarantee you’ll be approved, but for many businesses it’s their best shot. If you need a quicker infusion of cash, consider applying for a bridge loan. Emergency recovery funds vary by state; some are administered by nonprofits; and grants may be available to businesses that do not qualify for traditional loans. Whatever track you take, you may need to outline a clear recovery objective (including cash flow and P&L forecasts) and offer collateral such as the restaurant space you are repairing to secure the loan.

## Repair or Replace Your Assets

Most food-service businesses are asset-heavy. They require commercial-grade fridges, freezers, mixers, stoves, and ovens to operate. In the case of Three Brothers Bakery, Janice also relies on delivery vans—which, she cautioned, should not be purchased locally after a flood.

The destruction was so widespread following Hurricane Harvey, Janice and her husband didn’t trust that the vehicles for sale in Houston hadn’t been damaged as well. (Tell-tale signs of flooding include stained carpet, strange odors, and rusty hinges.) So the couple scouted farther afield, shopping for replacement vans in cities and states that hadn’t been impacted by the storm.

The lesson: Be wary when replacing capital expenditures, especially if shopping secondhand. Exploitative price gouging is sadly common after a disaster.

If the totals still overwhelm, crunch some numbers and consider if it might be more advantageous to lease equipment rather than repair or replace a damaged asset. The true cost of purchasing equipment must factor in maintenance and insurance—something you may not be able to justify if local market prices have shifted following a large-scale disaster.

Janice also advises contacting your local contractor or restoration company as soon as possible. Supplies like sheetrock, Shop Vacs, garbage dumpsters, mobile homes, and even bleach will be in high demand after a disaster. The sooner you can get your name on their wait list, the faster your business is likely to recover.

## Clean Up, Rebuild, and Return to Operations

Though you may feel alone after a major disaster, there are more people rooting for your recovery than you realize: employees, customers, suppliers, adjusters, contractors, restorationists, bankers, disaster loan officers, trade associations, and local lawmakers. Now is the time to grease the wheels, call in favors, and tap those connections. In Janice's case, a lifeline call to a local congressman sped up the distribution on an SBA disaster loan.

Your Chamber of Commerce may prove particularly helpful, as their No. 1 priority is advocating for resources that help the local business community. They're also linked with Small Business Development Centers (SBDC), which offer free professional counseling to companies affected by natural and man-made disasters.

As you rebuild your business, you'll have to prioritize your needs and wants. Here are three big-picture questions every business owner should ask themselves:

- What are my staffing needs? Are they really the same as before or has the way I conduct business changed?
- Is my current location really working? Or was this calamity a sign that it might be time to move? There are many factors to consider here: geographic risk (say, in a newly designated flood plain), your historic or emotional connection to a neighborhood, and how widespread the destruction is within your area. You may be psyched to get your business back up and running, but if 80 percent of your customers were driven out of town by the same disaster, will there be enough people left behind to support your business?
- What can I do to improve my business going forward? If you always thought the layout of your dining room was wonky or the galley kitchen was too cramped, now is the time to consider upgrades and renovations.

## Communicate With Customers

Customers, vendors, and your local community will want to know what's going on with your business after a disaster. The implementation of this communications strategy should be part of your broader business continuity plan, as covered in Part I of this two-part guide.

Outreach starts with clear and concise messaging. Focus first on clients with outstanding orders. Can you fulfill them? If not, how soon can you issue refunds? Share emergency contact information for sales and service support and let folks know what to expect from your company

in the event of a prolonged disaster. The point is to nip rumors in the bud by preempting customer queries in an honest and forthright manner.

If you're down a few staffers or unable to run at full capacity right out the gate, be transparent and apologize for any potential delays. Customers are more understanding when you've managed their expectations from the outset. Some will happily wait for delayed orders; others might accept future credit. Do your best to be accommodating.

When you're finally ready to announce your grand reopening, remember to...

- Hang eye-catching signage to lure in foot traffic and other passers-by.
- Send email alerts and text notifications to your customer list.
- Notify writers, editors, and producers at local media outlets.
- Blast out the good news on Facebook, Instagram, TikTok, and Twitter, or hire influencers to spread it.
- Purchase local or regional advertising.
- Announce hours, contact info, and an address, especially if you're operating out of a new or temporary space.

## Rethink How You're Doing Business

Though it's hard to see a silver lining when you're in the throes of an active disaster, this new reality could be just the kick in the pants your business needs to innovate or pivot.

Remember the old adage: One door closes, another opens.

Just look at the impact the ongoing pandemic has had on small businesses. COVID-19 forced restaurant owners to reexamine their business models—everything from seating to staffing to how well each dish holds up in a takeout container. Some chefs and restaurateurs swapped out ingredients to avoid disruptions in the supply chain; others doubled their capacity by dabbling in alfresco dining. Many are still figuring it out as they go, but disasters force business owners to evaluate the true demand for their product or service. The keys to resilience are creativity and nimbleness.

Have you noticed a change in consumer behavior that your company could address? A hole in the market, a product or deal you could introduce, or a fresh way of talking about your business that would resonate with customers?

Gauge how their needs have changed and adjust your business plan accordingly. Modify lease agreements if you have to and sleuth out ways to work smarter and more cost-efficiently. As your business needs change, reassess your insurance coverage too, which assures your company is better positioned to weather future calamities.

## Make a Plan on How You Will Recover

Running a small business means expecting the unexpected. But that doesn't mean being woefully unprepared. Follow the advice in this guide and you'll be in the best possible position to recover from the worst-case scenario.

To review, that means:

- Making sure everyone on your team is safe and accounted for, and that their immediate needs are being met.
- Assessing the damage to your commercial property and working with local authorities to implement a crisis communication plan, if needed.
- Filing your insurance claims early by anticipating everything an adjuster might request.
- Applying for a small business disaster loan, emergency grant, or tax relief to help bridge your recovery.
- Repairing and replacing assets—or leasing the equipment if that makes more financial sense.
- Working your community connections (customers, lawmakers, Chambers of Commerce) during the rebuilding phase and tackling tough questions, like whether a business is worth reopening in a certain location.
- Communicating with customers about outstanding orders and reopening plans.
- Rethinking how you do business altogether—and what you could do better moving forward.

The recovery process is wildly stressful and labor-intensive for owners and employees alike. That's why every little win should be celebrated. Score a Craigslist deal on a gently used mixer? Do a happy dance with your staff. Notice customers lining up around the block for your grand reopening? Hand each one a 10 percent off coupon for a future purchase. Reopening your business after a disaster is a triumph and inspiration—for you, your employees, your community, and every other business that will want to know how you pulled it off.

## Additional Resources

- The U.S. Small Business Administration (SBA) provides a wealth of resources on disaster recovery. If you're seeking a low-interest disaster loan to repair or replace real estate, machinery and equipment, inventory, or business assets that have been damaged or destroyed in a declared disaster, head to the Disaster Loan Assistance page.
- Additional guidance can be found in the SBA Recovery Hub, where topics of discussion include funding options to overcome economic hardship, business resiliency training, and adaption to supply-chain woes.
- Small Business Development Centers (SBDCs), meanwhile, are the largest SBA-funded resource partners, providing free one-on-one business counseling to entrepreneurs. Advice and technical assistance spans business planning and strategy, operations, financial management, marketing, and innovation.
- The Internal Revenue Service (IRS) has produced a comprehensive guide to Disaster Assistance and Emergency Relief for small businesses as well as videos on understanding tax relief for disasters, disaster loss deductions, planning for business continuity after a disaster, and reconstructing records post-calamity.

# You've Learned What to Do After a Disaster!

Understanding how your business, employees, and customers have been affected by a disaster will help you know what action to take to get back to normal operations as soon as possible, and keep you on top of your contingency planning.