

GPHCC Experts on Managing Through the Coronavirus Crisis

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At challenging times like this, we, as small business owners, start asking questions to ourselves. What are we going to do? How can my business survive? What to do if income is down, have no income at all, or have to shut the business down temporarily? All great questions, no easy answers.

We would have easier answers to these questions, if we had asked them way before hardship arrived. If we are meant to survive in this highly competitive world, every small business must have a **business continuity plan** in place. It should be part of the annual business plan, so it can be reviewed and updated often.

A **business continuity plan** is a system of internal policies and processes created by the company to prevent and recover from potential threats. The goal of the plan is to make sure that company employees as well as assets are protected, accessible and ready to function in case of a disaster.

A business continuity plan involves identifying any and all risks that can alter the normal operation of the business such as death or disability of business owners and key employees, natural disasters (fire, flood, and weather related events), cyber-attacks and lately, government shutdowns...No one thought on a pandemic before, but now we have to.

Once created with input from key stakeholders and personnel, the business continuity plan should be part of the organization's risk management strategy, and it should be tested periodically to ensure there are no weaknesses. If there are any, those can be identified and corrected in a timely manner.

Some of the steps of the BCP include: back up finances; business impact analysis; recovery of critical business functions, a plan to manage disruption; employee training; a checklist of emergency contact information and resources, etc.

Considering our current circumstances, we have to recognize that a BCP may not be as effective if a large portion of the population is affected, as in the case of a health outbreak or a pandemic. After things go back to normal, consider the following preemptive steps:

-Reviewing the current state of your business and get it ready to apply for a business line of credit; even if you do not need it; that is when you are more likely to be approved by the bank.

-Reviewing your budget to make adjustments and eliminate non essentials, to make sure you can start creating a savings account where you regularly put money aside to prevent disruption when things out of your control strike (government shutdowns, pandemics).

If you have not been able to work on any of the above steps, you may think, "thank God I have my business insurance policy so I can recover for loss of use (business income replacement)". Even though

your business owner policy, as well as general liability, include or can include loss of use (income), disruptions due to government shutdowns and health outbreaks are not covered losses.

If you are in this situation, I will advise you to call your insurance agent and ask for a policy review; perhaps some of the coverages can be temporarily suspended or deleted, some can be lowered so that you can have some relief paying your premium; but at the same time you remain protected just in case anything happens.

Finally, insurance companies are working with the best interest of their policyholders in mind, we have to wait and see if they come up with any payment postponement for small businesses.