

Do you need a Business Disaster Plan?

Have you ever put any thought into what might happen to your dealership if a catastrophic event were to occur? Preparing for disaster can reduce fear, anxiety, and losses that accompany those disasters.

By devising a disaster plan you guarantee that you can keep moving forward to meet client expectation both during and after. Below are some suggestions for items to add to your disaster plan and some actions to take before a disaster occurs. This is called *Pre-Disaster planning*.

- 1. Set a criteria for business shut down.** A catastrophic even can occur at any time. You may be confronted with a huge storm, heavy snowfall, earthquake, fire, or even a volcano! It is best to establish ahead of time what parameters will cause the closing of your dealership and how to communicate to your employees not to come in.
- 2. Figure out how and when to contact clients:** If your business is going to be interrupted and you are not going to be able to aid or service your customers, then you need to put together a notification plan for your customers. You can use a remote email, update your website with a note about the shutdown of your workplace and even request your employees to make some calls from home. Prepare for this ahead of time by maintaining an up to date an easy-to-access contact list. Priority should be made to contact customers that have left vehicles for service and those involved in pending sales. Make sure you have all your phone numbers and emails in one main location that you can easily take if you decide to leave. You should also keep a duplicate list in a remote location or in the cloud.
- 3. Outline the parameters for reopening your dealership,** including specific details about when you anticipate work to begin again after the disaster. Be sure to make allowances for post-disaster clean-up efforts and resolving any safety issues. Also try to be respectful of the personal needs of your employees during this period.
- 4. Consider a *buy-sell agreement*:** If something should occur to you during a disaster, your family could be put in a precarious financial situation, particularly if your dealership is adversely affected by the disaster or your passing. A buy-sell agreement is an agreement to sell the business assets to a business partner or another specified party for a designated amount, often funded by a life insurance policy. Your family will receive a fair value for your share of the dealership and the business partner will have the responsibility of running the business. Your attorney can assist in this process.
- 5. Review your insurance policy.** A dealer's garage policy does not include commercial property coverage unless you request and purchase it. Even if you do not own your building you may want to consider some coverage for your business property (contents). If your business property or building is damaged due to a disaster you will not be compensated unless you have a policy in force. Visit with your insurance agent to ensure you are properly covered for the proper limits.
- 6. Set up an automatic system for payroll.** Aside from the convenience of outsourcing payroll responsibilities, you and your employees can continue to get paid during a disaster, assuming the dealership has the financial resources to do so. Make sure you look at setting up automatic bank transfers instead of relying on old-school bank visits.

Disaster planning is something that should be taken seriously by every dealer-whether you have several employees or just yourself. Doing so will help keep you calm and collected during a disaster and will help ensure you have a dealership to go back to after its over.

Todd Shepard is the founder of Shepard & Shepard Insurance Solutions and regular contributor to the Front Row. For more information or an affordable insurance quote for your dealership visit www.shepquote.com