

RENTONS' BUSINESS TIPS



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HOW TO PREPARE FOR A BUSINESS DISASTER

The new century has certainly brought about a large number of disasters - both natural and man-made. There were the terrorist attacks on the World Trade Centre on September 11, 2001. On December 26, 2004 the tsunami killed thousands of people in Indonesia, India, Sri Lanka and Thailand.

It is to be hoped that these events will not occur again. However, numerous businesses throughout the world are affected by fire, earthquake, floods and other natural phenomena.

As well as major environmental disasters, businesses can also be adversely affected by any number of less severe incidents. These could include the theft of sensitive information, a strike, blackouts, robbery or fraud.

Businesses can also suffer if a major client decides to do business with someone else. A key supplier may go broke or a debtor may owe you a lot of money and be unable to pay. Your best employee may resign. Some of these incidents may sound less severe than a fire or flood but in some cases their repercussions could be worse.

The first step in preparing for a business disaster is to minimise the chances of one happening. Determine what are the main threats to your business and put appropriate procedures in place. Always remember that your business needs to be profitable so your decisions should balance the risks against the cost savings.

Protect Your Premises

Are your locks of a high enough quality? How could a thief enter your premises? Are your windows easy to break? Are there shutters or bars on the windows? How easy is it to enter through your front gate? Is the lift easy to access? The skill with premises is to provide a pleasant environment for customers, staff and suppliers to come and go and yet deter unwanted guests. What security is in place? Do you have a back to base monitoring system? Which employees have access to the office outside normal business hours? How is this monitored?

Secondly, your business premises needs to be a safe working place? Are the instructions for operating machinery clear? Are appropriate staff employed to operate the machines? Are there fire prevention procedures in place? Do you have enough fire extinguishers?

Thirdly, you need to protect your sensitive information. Who has access to your computers and confidential files? Do you lock your filing cabinets and key offices? Are your computers protected by passwords? Are they turned off each night?

Develop Loyalty

Another way to prepare for a disaster is to develop loyal customers, suppliers and staff. The key is to exceed the expectations of all three groups of people. Then ask these questions. Will your customers be prepared to wait a little

longer for you to provide them with their products and services? Will your suppliers allow you to pay your account later than usual and provide you with a lot more products than usual and quicker than they usually do? Will your staff be prepared to do whatever it takes to get your business running smoothly again?



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Australian Credit Stationers

To receive positive answers to these three questions you need to regularly exceed the expectations of your staff, customers and suppliers. There are a number of things you can do here but always remember you need to do something special for these three groups so that they will show loyalty to you in your hour of need. The best way to survive a business disaster is to know you will receive full co-operation from your customers, staff and suppliers.

Exceed your customers' expectations by delivering more than they ordered, providing gifts, delivering their goods before they are required or simply thanking them for being such a good customer. Treat your staff well. Pay them more than they would receive elsewhere if possible. Provide a pleasant working environment but more importantly let them know they are appreciated. Make life as easy as possible for your suppliers. Order early. Don't insist on fast delivery. Pay the account before it is due whenever possible. If you have difficulty in paying at any time, discuss this situation with your supplier.

Spread Your Risk

It is important that you do not rely too heavily on one customer, one supplier or one particular employee. If you are currently in this situation then make steps to minimise this effect since employees leave, customers go elsewhere and suppliers go out of business. Diversify amongst your customers. Aim to have more customers, preferably in different industries and different areas. Train your staff so that specific knowledge of your business is not just with one employee. Ensure no-one is indispensable. Have backup suppliers in case a particular supplier goes out of business or for one reason or another is no longer suitable for your business.

Insure Your Business

The most obvious thing you can do to protect your business is to insure against disasters. This will not take a lot of your time but can cost you a lot of money so you need to balance the risks against the cost of insurance. By its very nature, all business is risky so you cannot protect yourself against everything. It is compulsory to have workers' compensation for your staff,

compulsory third party for your company motor vehicles and public liability insurance. You should consider paying for some of the following types of insurance:

- Comprehensive insurance for your motor vehicles
- Burglary and theft
- Fire and other damage
- Business interruption
- Key person insurance
- Mortgage insurance
- Accidental damage
- Money
- Goods in transit
- Fraud and dishonesty
- Machinery or electronic equipment breakdown
- General property
- Tax audit
- Damage to refrigerated stock

Off-site Backups

All businesses should do a daily backup of their computer files. It is also important that these records are kept away from your business premises. For small businesses, generally an off-site backup is kept at a senior employee's home. For a home-based business, you should have a backup of your computer files at someone else's home. Copies of other important records should also be kept off-site.

Roles and Responsibilities

The final step and most difficult one is to develop procedures in case a disaster actually occurs. Simply compile a list of tasks which need to be done and decide who is to perform these tasks.

It is far easier to plan this ahead of time rather than in the state of panic that is sure to follow a disaster. Ensure that a copy of

these procedures is kept off-site. Some of the things to consider include possible relocation, purchase of capital equipment such as machinery and computers, how quickly your insurance claim can be processed, how your customers can contact you, how you can contact your customers and what stock should be purchased immediately. The important things to consider here will depend, to a large extent, on what industry you are in.

Conservative Cash Flow Projections

A disaster may not be a natural phenomenon such as fire or flood. Instead, it could just be the regular disruptions to the daily running of your business. Such things include loss of an important customer, new competition or loss of important staff members. One of the best ways to prepare for such events is to adjust your cash flow projections so they closer reflect the worst case scenario. By preparing for such a future possibility, you will be able to have specific plans in place. Such a conservative cash flow projection may highlight other weaknesses in your business. You could see if any action needs to be taken now to reduce future expenses. Also, if you had to let go of staff, it is good to know which staff would need to be laid off.

Summary

A positive attitude is important to succeed in business. However, it is rare that everything goes according to plan. I recommend you prepare for bad times - whether this be a temporary fall in sales or a major catastrophe. This will ensure you are well prepared if such a situation does occur. Running a business is risky so you should do everything you can to reduce that risk.

Of course, there is no reason why you cannot do a similar exercise for unexpected good news. What would you do if annual sales were to increase by 50% or if your best customer wanted to double their purchases with you? Are your premises large enough? Would you need to hire more staff?

You should have a plan in place for where you expect your business to be in one year, three years from now or in five years time. However, be prepared for the unexpected - whether this be good or bad news.

HOW TO MAKE AN EASY START ON YOUR OFFICE CLEANUP

by Robyn Pearce

Before you can create order, first you have to create chaos! Pull out every piece of paper, every file, every piece of equipment and make one pile for each category. The floor is the only surface big enough to do the sorting. Identify each new category and write a little label and place it beside the new pile.

As you handle everything, you'll have a big pile of throw-aways, another for secure destruction, several heaps of things to go to other places or people, a heap of archival material, a mix of current but long term projects, topics you work constantly with and a range of administrative files you need to keep on hand.

Only when everything is emptied - desks, cupboards, drawers,

in-trays and files - can you start to put things back.

Before you decide where to put everything, ask yourself: 'What do I use most of the time?' If it's material you don't use constantly, put it further away. If it's something you use nearly every day, or several times a day, have it within arm's reach.

An office may look tidy, but poor organisation will cause the owner to tailspin while they look in six different places!

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QUOTES TO PONDER

"A problem is a chance for you to do your best."

- Duke Ellington

"Even if you're on the right track, you'll get run over if you just sit there."

- Will Rogers