

DIAGNOSIS SECURITY RECOVERY



Disaster Preparedness For Retail Stores

RESPONSE

PLANNING OPERATIONS PROTOCOL





Identify Risks and Their Effects



**WEATHER-RELATED
DISASTERS COST
THE U.S. ECONOMY
\$182.7 billion
BILLION IN 2024.**

IS YOUR retail store ready to survive a disaster?
Weather-related disasters cost the U.S. economy \$182.7 billion in 2024 alone. In addition to hurricanes, earthquakes and wildfires, you need to prepare for smaller-scale disasters, such as a broken pipe that floods your store or an electrical fire that destroys your inventory. Any of these catastrophes can put your small business out of commission—possibly for good.

According to [FEMA](#), between 40 and 60 percent of small businesses that close due to a natural disaster never re-open. Fortunately, taking some simple steps to prepare yourself, your store and your employees can help your business weather the storm (both literally and figuratively). Here’s how to create and implement a disaster plan.

1 Identify Risks and Their Effects

- Identify potential risks to your business. Many disasters are specific to geographic areas. For example, if your store is in Florida, hurricanes are a big concern, while a California retailer needs to prepare for earthquakes or wildfires. If your store is in a shopping center or other area that attracts crowds, it’s wise to develop plans for active shooter events or terrorist threats.

Of course, some disasters are more likely to strike than others. This [risk assessment table from FEMA will help](#) you assess the likelihood of specific risks and prioritize which to focus on first.

Pinpoint your store’s essential functions. For example, having inventory to sell, accepting payment

- and securing customers’ financial data are critical functions for retailers. Accepting returns from customers, conducting inventory and organizing the stockroom are less important. Once you’ve listed your essential functions, identify the tools, information and resources you need to keep them operating after a disaster. Assess the possible effects of likely disasters. Think through how one of the potential disasters you’ve identified might play out. In addition to the immediate effects, such as a flood that drenches your displays,



Create a communication, response and action plan



DURING A DISASTER,
INTERNET ACCESS
MAY BE AFFECTED,
AND PAPER COPIES
CAN SERVE AS BACKUP.



consider the longer-term effects. If you had to close your store for a few months for repairs, how would that affect your cash flow? Would your employees quit and start looking for new jobs to pay their bills? Would you lose customers to other retailers that stayed open?

2 Create a communication, response and action plan

PRIORITY 1: PROTECT PEOPLE

Keeping employees and customers safe is your first priority. Develop an evacuation plan for getting out of your store and/or shopping center, and a plan for sheltering in place if necessary. (Your property management company can help determine the best routes and best places to find shelter.) Choose a meeting place outside your store to regroup after the disaster and make a plan to ensure everyone is accounted for. Print maps and post them in easily accessible locations in your store.

Stock your store with an emergency kit that includes first aid supplies, a first aid book, water, nonperishable food, a battery-operated radio, flashlights, and blankets in case people have to spend the night in the store. Post emergency contact information for the fire department, police and other first responders where staff can find it immediately. Make sure all employees know whom to call in various emergency situations. Find out if anyone on your staff has first aid training or if emergency medical care is available in the shopping center.

PRIORITY 2: PROTECT DATA

From inventory orders and financial records to customers' credit card information, your retail store runs on data. Planning ahead will help protect you from data loss in a disaster.

Start by identifying the critical data you'll need to keep your store open after a disaster. Secure copies of computer data in a cloud storage system; set up computers to back up data to the cloud as well. Scan and save digital copies of important paper documents to the cloud. These include insurance policies, banking information, inventory and orders, vendor contracts and your store lease. Make paper duplicates of your essential data to keep both on-site and off-site. During a disaster, internet access may be affected, and paper copies can serve as backup.

WORK TOGETHER

Is your store located in a shopping center, mall or other retail facility? Your property management company most likely has its own disaster plan in place. For instance, many shopping centers have crisis communication systems they use to notify tenants of emergencies such as a fire or an active shooter. Before you develop your own plans, ask what the property manager will do in case of an emergency and who is in charge of making decisions

and announcements. Your store's disaster plan should work in tandem with theirs.

Respond & Recover

DESIGNATE SPECIFIC EMPLOYEES TO LEAD THE TEAM AND TAKE CHARGE OF COMMUNICATIONS.



PRIORITY 3: PROTECT PROPERTY

Develop a plan to secure property and equipment if you receive advance warning of an approaching disaster such as a blizzard or hurricane. For example, your flood warning plan could include moving inventory to high shelves, putting sandbags outside your store entrance, and turning off electrical and gas systems. If a hurricane is coming, you can board up store windows, secure doors and remove outdoor signs.

Plan how to secure your store from looters or criminals after a disaster. You may want to remove valuable inventory to a different location or board up store windows so looters can't see what's inside.

CREATE A COMMUNICATION PLAN

Designate specific employees, typically store managers, to lead the team and take charge of communications. They'll be responsible for making decisions (such as when it's time to evacuate), for directing other employees in carrying out your disaster plans, and for making sure all employees and customers are safe and accounted for. Designate backup employees for these roles so if the key person isn't there during an emergency, there's someone else to take control.

Maintain a master list with contact information for all of your employees, including addresses, phone numbers and email addresses. During a natural disaster, phone and internet service may be down. The more ways you have to contact people, the more likely you can get through. Set up group emails and group texts in advance to quickly alert all of your staff of an emergency at once. Keep the team posted on developments (such as whether they should come into work that day or whether the store is closed). It's also a good idea to get neighboring business owners' contact information so you can check on each other and share information.

You'll also need to communicate with customers. Formulate some boilerplate wording you can use to quickly create web and social media posts to let your customers know if your store is closed.

3 Respond and Recover

You're not out of the woods when the disaster ends. Unless they can resume operations within five days, 90% of smaller companies go out of

ASK YOUR AGENT

Your insurance agent is a valuable ally in disaster planning. They can help you conduct a risk analysis to figure out which threats are most likely to affect your business, assist in developing a disaster plan to limit your risk, and ensure you have the proper insurance coverage to keep your business open after disaster strikes.



Stay Prepared



UNLESS THEY CAN RESUME OPERATIONS WITHIN 5 DAYS, 90% OF SMALLER COMPANIES GO OUT OF BUSINESS AFTER A DISASTER.

business after a disaster, [FEMA](#) reports. Planning for business continuity helps your store get back to business as quickly as possible. Once the dust settles or the storm waters recede, what will you need to get up and running again? Here are some factors to consider.

- How will your employees get paid? Create a plan for handling payroll. If your employees are receiving income, they won't have to look for new jobs to make ends meet.
- If your store is unusable, can you rent temporary space, sell online or share space with another business while you make repairs?
- Local suppliers may be affected by the same disaster. A roster of geographically diverse suppliers can provide a steady source of inventory.
- You'll need money to make repairs to your store, buy new inventory and keep paying your bills while you get back on your feet. Getting [FEMA](#) or [SBA disaster assistance loans](#) can take quite a while. Having a [business line of credit](#) in place provides a source of capital you can access quickly when you need it.
- A standard business owner's insurance policy may not be enough to weather a disaster. Ask your insurance agent about business interruption insurance to replace income lost while your business is out of commission, and make sure you are insured against risks such as floods or earthquakes.

STAY PREPARED

Planning for disaster isn't a one-time task. Regularly review your disaster plan to make sure your information and contact list is up to date. Provide disaster training for your team at least once a year, and whenever you hire a new employee. Hold regular drills to test your plan and conduct monthly checks of your security and fire systems and emergency supplies.

You may never have to live through a disaster. But preparing for the worst can help to ensure the best possible outcome if disaster does strike your store. ■



RESOURCES

The following resources can help you develop a comprehensive disaster plan.

- [Red Cross Ready Rating program](#)
- The Insurance Institute for Business and Home Safety has a [Business Continuity Toolkit](#) and a [Severe Weather: Emergency Preparedness and Response Planning kit](#).
- [Ready.gov](#)
- [PrepareMyBusiness.org](#)
- [U.S. Chamber of Commerce](#)
- [OSHA Emergency Preparedness and Response](#)
- Visit [SCORE](#) for a detailed list of disaster preparedness resources.