

# do **1** thing/BUSINESS

SMALL STEPS TOWARD PREPARING YOUR BUSINESS FOR EMERGENCIES

## Step 8: Community, Customers, and Suppliers



**THE GOAL:** Understand and be prepared to manage the effects of an incident on your customers, suppliers, and outside operations in a disaster.

*Communities, individuals, and businesses can be affected by disaster in a number of ways. Immediate property damage and loss, disruption of services and supply chains, and loss of production time are immediate effects. Long-term effects include demographic and economic changes in the community, suppliers going out of business, and workers not returning to the disaster area.*

▶▶▶ CHOOSE ONE OR ALL OF THE FOLLOWING THINGS TO DO THIS MONTH TO PREPARE YOUR BUSINESS FOR A POTENTIAL EMERGENCY:

- ☐ **Create a list of customers, suppliers and other operations which could be affected by an incident at your site.**
- ☐ **Analyze your customer base.**
- ☐ **Create a long-term diversification plan.**

The impact of the disaster on your customers, your community, and your suppliers will be a major factor in deciding what to do after a disaster. If you can get the inventory, raw materials, services, and utilities you need; if your production facilities are relatively undamaged; and if your customers are relatively unaffected, it may make sense to reopen. If one or more of these things is not true, you may want to consider closing or changing the business, or reopening elsewhere.

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## ☐ **Create a list of customers, suppliers and other operations which could be affected by an incident at your site.**

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The relationships between a business and its customers and suppliers are critical. You can take steps now to strengthen and preserve those relationships when disaster strikes.

- **Make a list of your major customers and suppliers.** Include contact information, goods or services provided, methods of delivery, and how often you do business with them. Note if they are located in areas that are vulnerable to common hazards, like hurricanes, earthquakes, wildfire, or tornadoes, or if they are located in the floodplain.
- **Make contact with your most important customers and vendors to talk about business continuity planning.** Having your own business continuity plan (like the one you are developing through Do 1 Thing Business) can be a selling point for your business.
- **After a disaster, be visible to your customers.** Contact them and let them know what your recovery timeline is. Make sure they have a way to contact you if they have questions or concerns. Make sure you communicate your progress and your successes during recovery. Place updates on your website. If you have a neighborhood business post signs in your window letting customers know your status and update them often. If you have a message on your phone, update that often as well. Updating often keeps you visible to your customers.
- **Social media can be a great way to keep vendors and customers informed about what you are doing after a disaster.** If you have a Facebook or Twitter account, or if you routinely use another form of social media, make sure that you are promoting it to your customers and vendors. Maintaining those relationships can be critical after a disaster.

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## ☐ **Analyze your customer base.**

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Research shows that the extent to which a business' customers are affected is a major factor in whether or not that business continues to be successful after a disaster. This is true even if the business itself is not damaged in the disaster.

If your customers are concentrated in one geographic area, the impact to your business is likely to be higher. If that geographic area has a high rental rate, more people are likely to move out after a disaster.

### **CONSIDER WHAT THE ANSWERS TO THESE QUESTIONS WILL BE FOLLOWING A DISASTER:**

- Do customers need your product or service right now?
  - Can they afford it right now?
  - Have your customers moved out? If so, who has moved in? Are their needs the same as your former customers?
  - How has your neighborhood changed?
  - How is it likely to change? (Changes that were happening slowly before a disaster are likely to continue at a higher speed after the disaster)
  - Did customers suffer losses?
  - If my business has been damaged, are they buying elsewhere?
  - Can customers still get to your business (in person or electronically) to do business?
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Look at available substitutes for your products or services. If customers can't wait for you to get back up and running, can they find what they need elsewhere? Can they replace it with something else? The answers to those questions will give you a good idea what your customer base will be like after a disaster.

Focus on your organization's strengths. Do you have a unique product or service? Do you provide excellent customer service? Is your business easy to access? Highlight these things after a disaster. Find ways that your strengths play into the needs of your customers after a disaster.

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## ☐ **Create a long-term diversification plan.**

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A disaster doesn't have to affect your building to have a major impact on your business. Impacts on customers, suppliers, or the transportation routes that connect you to them can cause long-lasting disruption even if the disaster is in another part of the country or the world.

### **LOOK FOR WAYS TO DIVERSIFY YOUR:**

- **Product Lines—so you are not dependent on a narrow part of the market.** You might do this by adding product lines that are related to what you already sell, or by adding products that are unrelated, but use the production or marketing methods that you are already using.
- **Customer Base—so you don't go out of business if an important customer does.** Look at emerging trends in the community or business environment. Disasters typically accelerate changes that are already underway (social, economic, political, demographic). Look for ways that your products or services could be marketed to a different customer base.
- **Supply Lines—so you can continue to get materials and supplies to stock your inventory.** Identify alternate suppliers that could provide what you need if your current suppliers can't deliver. Ask your suppliers about their continuity of operations plans. Make sure supplier contracts have clauses that will release you if the supplier is unable to provide goods or services because of a disaster. If you are a major customer, you might also request a clause stating that you will get priority service if their goods are greatly in demand after a disaster.
- **Locations—gives you options for continued operations if just one location affected by disaster.** This includes your own facility locations, those of your suppliers and the location of your customer base. Consider multiple locations for storage and operations. If you do business in an area affected by hurricanes, you will increase the risk of your business being impacted if all of your customers and suppliers are also in hurricane-prone areas.

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*Information in this factsheet was adapted from: Surviving Extreme Events: A Guide to Help Small Businesses and Not-for-Profit Organizations Prepare for and Recover from Extreme Events by Daniel J. Alesch and James N. Holly. Available through the Public Entity Risk Institute at <http://www.riskinstitute.org>.*

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