

Ensuring that your business CAN SURVIVE A CRISIS

Good preparation is vital in treading your way through problems that could otherwise severely damage your business. By **Paula Beare**

IN A PREVIOUS *My Business* article, we looked at how the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) can turn a potential threat into an opportunity for your business. The example we used was a Melbourne business that had identified how water restrictions would affect the operation of his car wash business, and reacted by changing his operation to a waterless wash.

By being aware of the circumstances that impact on your business, you can adapt it to suit the current climate (no pun intended). By taking a long term view, you can identify distant, slow-building threats, thus giving you plenty of notice and opportunity to react. By factoring this in to your business plan, you can successfully navigate many of the threats that the world will throw your way.

It is an unfortunate fact that sometimes things occur that will affect your business that you have no control over. But the likelihood of them happening is so small that you wouldn't necessarily factor them into your business operations on a day-to-day basis. You do, however, need to be aware that they may occur and be ready to react if needed. Your SWOT analysis is important for identifying threats to your business as you can develop the appropriate contingency plans to put in place to minimise damage to your business and in this article we shall be



Carol Hurdle, racing and fashion industry expert, Belmont BEC, Western Australia

looking at why contingency plans are important and how to start putting them together.

The first thing to consider is what are potential threats to your business. You need to brainstorm this and write down everything you can think of, no matter how far-fetched it may seem. In today's world, you can never be certain. Let's look at three recent occurrences in Australia that have affected many

businesses – and you can be guaranteed that many hadn't planned for it!

This winter the influenza virus affected a great portion of the population and over the past few seasons there has been talk of influenza pandemics. Are you an employer that needs to consider what would happen if a large percentage of your staff were infected with the flu? Or a sole trader who needs to consider who would look after your clients if you were ill?

It wasn't just humans that were ill – the Equine Influenza outbreak is still having significant effect on the racing industry. For weeks there was no movement of horses, racing was stopped and all associated with the equine industry including vets, jockeys, trainers, farriers, feed merchants and TAB franchisees were affected.

The related industries of tourism, hospitality and fashion also suffered. The outbreak was national news, featuring many stories of businesses that were worried about how they would survive. This is a good example of how problems in one industry can affect many other industries.

Finally, what would you do if you suddenly couldn't get access to your office and/or staff couldn't commute due to a man-made or natural disaster, or a lock-down as experienced by many

businesses during APEC? Would you still be able to operate?

Once you have identified some potential threats to your business, you can prepare contingency plans to deal with each circumstance if they arise. While you hope never to use the plans, they are useful documents to supplement your business plan – especially if approaching a financial institution for a loan.

To formulate your plan, ask yourself: if this happens to my business, what will it mean to my business and what can I do about it? For example, if you have staff and there is an influenza outbreak, you may be missing a number of staff who are ill or who are afraid to come into work for fear of catching the flu. To minimise the impact on your business, you can:

- Ensure your staff are cross-trained so that all essential tasks can be covered. If a number of staff are unable to attend the office (especially essential for the receptionist/switchboard tasks)
- Develop a relationship with a temp company so that you have the ability to access extra personnel at short notice if required; and
- Allow key staff to work from home and access networks remotely.

The strategies you identify to deal with potential threats can be factored into your business operations to ensure that they will work if they need to be implemented in times of crisis. If you allow staff to work from home remotely, you will not only be taking precautions for times when physically attending the office is not easy or desirable, but also developing a reputation for flexible work practices.

If you are a sole trader and, like so many home-based businesses, you are the business, you may decide to diversify relationships with others in similar industries to ensure that you have a people to engage as subcontractors if you

can't do the work for your client. This means that your client will deal with you and avoid them going elsewhere and not returning. Just ensure that you monitor the standard of work going back to the client. These relationships can also bring you work as a sub-contractor and give you a means of expanding quickly should a large job opportunity arise.

One potential threat often overlooked is that of data loss due to fire or flood. There are numerous articles about the importance of backing up data, but also consider keeping a copy of that data off-site. It's no good having a CD with your back-up stored in the cupboard of your office and then losing both your computer and the CD in a fire. Give a copy of the CD to a trusted friend, take it home if you have a commercial office, or store it in a safe deposit box at your bank. There are also businesses that allow you to store your back-up with them and they take care of the security.

No matter what industry you belong to, you must also consider the financial side of a contingency plan, as Celia Harston, BEC Australia network's racing and fashion industry expert from Belmont BEC in Western Australia outlines:

"As part of any crisis management or contingency planning is knowing the

financial status of your business," said Carol. "You must have your books up-to-date and a knowledge of whether you are solvent – ie are your assets worth more than your debts? You then need to know how much you have in the way of cash reserves and how long you can continue to operate at your current expenses. From there you have a strategy and actions such as collecting outstanding payments to implement."

Married to a racehorse trainer for 20 years (and running her own fashion label at the same time), Carol has experienced first hand the world of racing. "Like so many small businesses, they are largely home-based, cash poor, passionate and hands-on, without the time to undertake business skills development," Carol explained.

"Our Belmont Small Business Centre recently developed a Racing Industry project that has been supported by the WA government to assist in improving business skills, among them Crisis Management. We are hoping to take the project national in the next year."

Whether your industry is racing, fashion or something completely different, your local BEC can assist you in your contingency planning. Every business is different and your individual circumstances will be taken into account as BEC staff assist you to formulate plans appropriate to your business. ♦

To find out more about Belmont BECs WA Racing Industry Business Skills Program or to find your closest BEC, go to the BEC Australia website www.bec.org.au or email admin@bec.org.au. The website also has free kits available to assist you in planning for a pandemic – a small fee covers the postage to you.

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