Disaster Response—A Plan for CFOs and Controllers

When a company faces a disaster, whether it is a local or regional situation, it must address a variety of issues in a timely manner. When this occurs, chief financial officers, controllers, and other senior finance people have a responsibility first to the employees' safety and security, then to the operations, and finally to the financial situation. These checklists help walk the finance executive through disaster response in a series of phases, outlining issues that need to be addressed to understand damage and minimize ongoing risks.

Disaster Response—IMMEDIATE ACTION

Action	Check When Complete	Assigned to	Notes
1. Identify and locate all employees. Determine whether any employees are missing. Identify employees traveling, determine a means for communication, consider security issues, and review travel plans and requirements. Evacuate employees in high risk countries, if applicable. Stop travel to those same countries.			
2. Understand the needs of employees' families to determine whether any support is needed that the company can provide.			
3. Organize a system for staying in contact with, for example, key employees, vendors, customers, insurance agents.			
4. Review and assess any new or additional security requirements needed for plants, IT systems, and employees, for example			
5. Assess transportation issues, and determine whether temporary housing may be needed.			

Disaster Response—PHASE 2

Action	Check When Complete	Assigned to	Notes
1. Consider employees, benefits, and HR issues. Are alternate means of payroll delivery necessary? Consider health and disability insurance issues, life insurance, personal leave, and cash loans or advances to employees.			
2. Consider behavioral issues, such as grief counseling, productivity, and back-to-normal plan.			
3. Assess business status. Are we able to operate right now? Determine, for example, immediate or impending deadlines, due dates, customer and supplier needs. Assess the state of your technology and systems. Determine when the last backup took place.			

4. Identify a key spokesperson for the company.			
5. Consider immediate needs, such as space, communications equipment, skills and roles that need replacing immediately. Redeploy people as needed.			
6. Identify and communicate with employees, customers, clients, key owners and shareholders, insurance companies, creditors, banks, suppliers and vendors, strategic partners, and analysts.			

Disaster Response—PHASE 3

Action	Check When Complete	Assigned to	Notes
1. Look at operational risks, such as work-in-progress, cancellations, no-shows, refunds, lost revenues, and undeliverable materials.			
2. Understand the operational risks of customers and suppliers. Work together where possible to minimize the risks to all parties.			
3. Determine assistance available, such as credit lines, disaster loans and grants, people and expertise, hardware and software, professional bodies, and trade associations.			
4. Consider technology issues. Were technology partners affected? Are redundant systems operational?			
5. Establish plan for alternate postal deliveries.			
6. Ascertain the status of your assets.			
7. Contact competitors. Consider outsourcing production to them so you can meet the needs of your customers.			
8. Assess you financial status. What is your cash position? Cash burn rate? Immediate cash needs? Can you access the cash?			
9. Determine whether insurance policies are available covering, for example, key individuals, other life, property, business interruption, and disability.			
10. Determine availability of records. Where are the last available financial statements? Check with auditors and attorneys. What records do they have copies of?			

Disaster Response—PHASE 4

Action	Check When Complete	Assigned to	Notes
1. Does the company have skills and equipment that could assist in			

disaster recovery if this is a wide-scale disaster (that is, affecting others outside the confines of the company)?			
2. Consider current business plan and what cannot be executed.			
3. Develop a new business plan based on the current situation.			

Disaster Response—PLANNING

Action	Check When Complete	Assigned to	Notes
1. Develop a disaster plan with two backup or alternate plans.			
2. Develop and maintain a list of key contacts, including families, insurance companies, customers, and suppliers. Also consider identifying other service and professional resources, such as engineers and restoration specialists.			
3. Maintain a closet of emergency supplies on site, including some food, water, flashlights and batteries, a source of heat, and a source of communication.			
4. Identify key Web sites that could help in disaster recovery.			
5. Distribute disaster recovery information to all employees in the form of wallet cards or other means that are easily accessible. Distribute two copies of the complete plan to all key employees: one copy for home, one copy for office.			