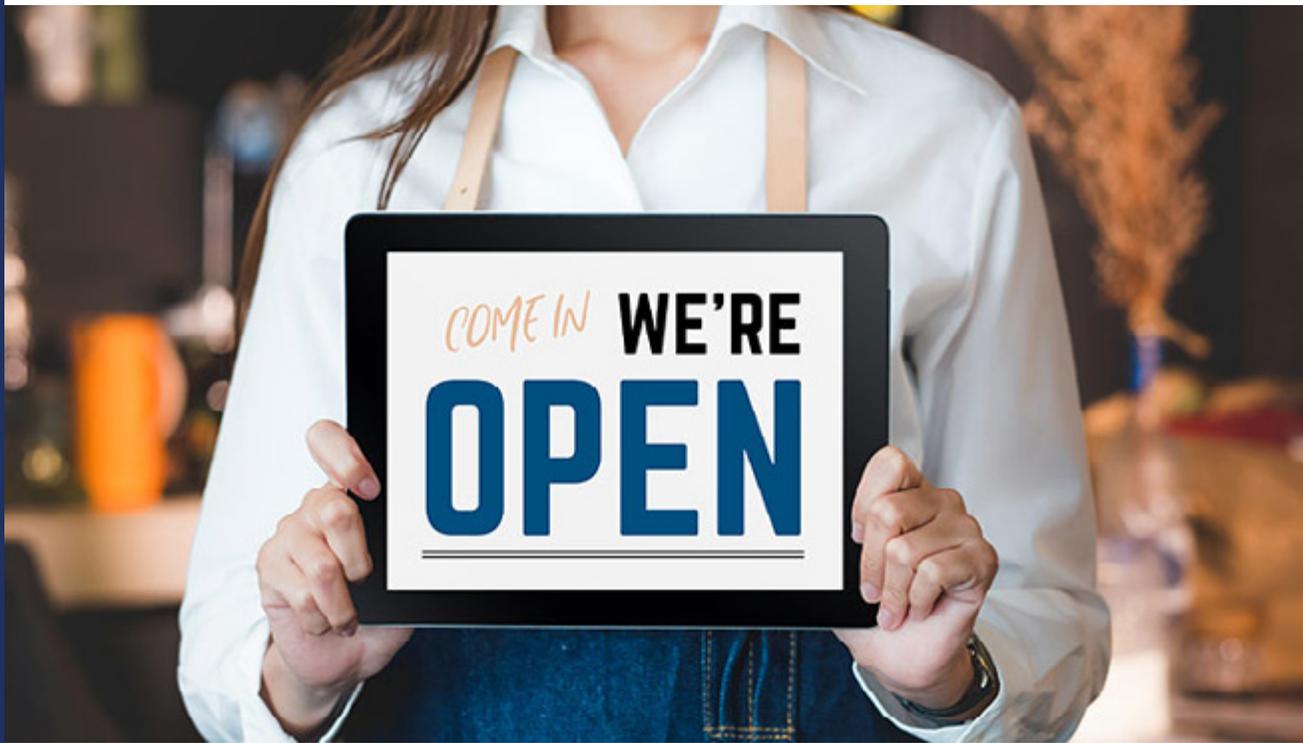


## **Re-Opening Your Business After A Disaster**



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**F**ollowing a disaster, the immediate reaction of many business owners is to reopen their business as soon as possible. However, a post disaster environment is anything but 'business as usual' for you, your employees, key suppliers and customers. It may therefore be prudent to reflect on your options before considering reopening.

To know what options are available to you, you should determine the financial health of your business.

Knowing the financial position of your business will give the information you need to determine whether:

- You can afford to reopen your business the way it was before the disaster and how quickly you can reopen your business
- You can or should expand, shrink or even close your business.

## Should you reopen your business?

|  |  |
|--|--|
|  | Have you fully considered whether to reopen, close, or sell/merge your business?   |
|  | Are you willing to change your business model to make it more sustainable long-term?   |
|  | Will there still be a demand for your product/service after the current crisis?  |
|  | Have you considered other opportunities?   |
|  | Are you prepared for the potential extra demands that recovering your business will place on you, both personally and financially? |

## Staffing Assessment

|  |  |
|--|--|
|  | Have you created a staffing plan to reopen? Will it need to be set in phases?                  |
|  | Will you need to layoff anyone or have you called back employees who were previously laid off? |
|  | Will your staff be able to work fully or partially on a remote basis?                          |

## What are your chances for future success?

|  |   |
|--|---|
|  | Have you analyzed the potential demand for your product or services post-disaster?  |
|  | Have any of your key customers and/or suppliers been affected by the disaster, and if so, how will this impact your business?     |
|  | Has the disaster lead to other businesses in your area closing, and if so, have you determined how this may impact your business? |

## Financial Assessment

|  |  |
|--|--|
|  | Have you completed new cash flow and profit & loss forecasts for the next 12 weeks?  |
|  | Have you used these forecasts to run “what-if” scenarios to measure how your cash flow will be impacted by further unexpected events or limited revenue?                                       |
|  | Can you afford to reopen your business? If you cannot afford your recovery plan, have you considered exiting the business?   |
|  | Have you determined how much cash your business currently has available by creating a cash flow statement?   |
|  | Have you developed financial projections and a cash flow strategy that incorporates the current situation? Will you be able to afford debt payments?   |
|  | Will you be able to reopen using existing financial resources (from the business and/or your personal savings)?  |
|  | Will you need to look for additional financial resources from investors, lenders, or a mix?  |
|  | If you are seeking debt financing, have you identified the uses of the money (i.e., purchase equipment, replace inventory), the length of the loan term, and how much you will need to borrow? |
|  | For existing debt financing arrangements, have these been reviewed to ensure that the finance facility and structure fit the new needs of your business? Can any term be renegotiated?         |
|  | Have you created a balance sheet and profit & loss statement from the beginning of the current fiscal/calendar year?   |
|  | Have you spoken to your landlord about securing more favorable rent terms?   |
|  | Have you evaluated where you can reduce or eliminate costs?  |
|  | Using these financial tools, have you analyzed the business’s financial health?<br>After reopening, how long will current financial resources last if revenue is lower than expected?          |

| Inventory Assessment |  |
|----------------------|--|
|                      | Are your inventory levels sufficient to reopen?  |
|                      | For inventory identified as slow-moving, have you considered removing it from your product lineup? |
|                      | Have you connected with each vendor, supplier, and member of your supply chain?                    |
|                      | Have you made an assessment of whether new market conditions will impact customer buying patterns? |
|                      | Have you asked your customers how they prefer to buy your product/service in this new environment? |

| REOPENING PLAN - Questions to consider: |  |
|---|--|
|   | Is attempting to reopen without any changes possible? If not, what specifically needs to change?   |
|   | Have you familiarized yourself with health/government COVID reopening guidelines? Do you have well-articulated protocols to keep staff and customers safe?                                       |
|   | Will you need to reopen in phases - ramping up, staffing up, purchasing inventory, etc.?   |
|   | Are your supplies and equipment adequate? Do you have a sufficient, resilient supply chain in place to operate? Do you need to cancel/postpone current orders or delay purchasing new inventory? |
|   | If other businesses in your area or industry have closed, have you determined how that may impact you?   |
|   | Given the change in market conditions, do you still need a physical location?  |
|   | What changes will you have to make to your physical facilities to comply with regulations?   |
|   | Have you done an evaluation on what pricing the new market will tolerate/bear?   |
|   | Have you compared your pricing to your competitors?  |
|   | Have you undertaken a break-even analysis to determine whether the prices you charge are making the profit you want to achieve?  |
|   | Do you need to expand your online presence?  |

## Pricing

Have you undertaken a break even analysis to determine whether the prices you charge are making the profit you want to achieve?

Have you compared your pricing to your competitors?

## Lessons Learned

Have you documented lessons learned from your business recovery?

Have you considered putting in place a business continuity plan in case you go through another crisis?

Have you reviewed your insurance coverage to see whether it is adequate and whether there are any gaps in your coverage?

## Thank everyone

Have you thanked everyone involved in assisting you?



The Kentucky Small Business Development Center has been assisting the Commonwealth's small business community for over 40 years. With centers statewide and an experienced and knowledgeable staff, the Kentucky SBDC provides unparalleled business coaching and training services to help existing business owners and potential entrepreneurs start, grow, and succeed.

Our services include: one-on-one business coaching, training workshops, access to market research, loan packaging help, assistance with financial projections and information needed to make informed business decisions.

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