

DISASTER PRE-LOSS PLANNING



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Restore

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INTRODUCTION
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**PRE-LOSS
PLANNING**

DID YOU KNOW?

According to FEMA, 40% of small businesses do not reopen their doors following a disaster.
Just a few inches of water can cause thousands of dollars in damage.

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BUSINESS CONTINUITY & PRE-LOSS PLANNING

Prepare for the Worst With the Best

Disasters can strike without warning posing danger to a business, employees and business continuity. Planning ahead and preparing for the unthinkable is your best route to mitigating losses. When your pre-loss plans include ServiceMaster Restore®, you are better prepared for the unexpected. We can minimize damage and help you get back to business quickly and efficiently. Losing even a single day can be devastating to your productivity, profits and reputation.

UNDERSTANDING BUSINESS CONTINUITY PLANNING

What is a Business Continuity Strategy?

A business continuity strategy helps guide you, your employees and your business through a disaster. Procedures regarding preventative and recovery strategies are planned out before a tragedy hits so that everyone knows what to do until normal operations are restored.

Why Do You Need a Business Continuity Plan?

Since disasters can occur anywhere with little or no warning, it's crucial that your company has a continuity plan in place. That way, in the unfortunate event that a disaster does occur, everyone will already know how to continue business until the building, your technology and all your important contents can be restored to full pre-loss conditions.

What is the Purpose of a Business Continuity Plan?

At ServiceMaster Restore, we understand how crucial every second of business is. Even when the office is unavailable during a disaster, work still needs to get done. The purpose of a business contingency plan is to ensure that you don't all your profits and productivity during a catastrophe. Along with keeping your staff and your essential equipment safe, a business continuity plan will provide information on how to keep operations running smoothly, even when the basecamp is damaged.



INTRODUCTION



GOALS

The goals of a thoughtful and well-rounded business continuity plan can:

- Minimize serious, long-term interruptions to day-to-day operations
- Limit how severe a disruption is
- Set pre-determined locations to work remotely if the office is severely damaged
- Expedite restoration services
- Minimize financial loss
- Equip employees with proper training and knowledge of what to do if disaster strikes
- Prevent you from closing your doors permanently

Here at ServiceMaster Restore, we know the drill. Disasters strike and businesses are left unsure how to continue. Let us help give you peace of mind and confidence that you can weather any potential storms that come your way by working with us to create your own business continuity plan. Together, we can determine the best action items your employees and your business should take if a disaster hits your area. With the proper tools, planning and resources, you can get back to business as usual.

After a disaster, a rapid response is critical. Even under the most challenging circumstances, we can quickly assess your situation and begin restoring your business. We'll help minimize losses by stabilizing the building environment and restoring furnishings and valuable contents. Throughout every step of the process, we are there for you with helpful guidance and the service you deserve.



PRE-LOSS PLANNING



Planning for the worst is the best for your business.

EXECUTIVE SUPPORT

The first step in developing a disaster plan is to obtain executive support. Without such support, the resources necessary to accomplish the overall task may never be allocated. When presenting the concept to upper management it will be necessary to share the objectives of implementing the program, but be prepared to discuss the associated budget. In that regard, it is also wise to present the consequential cost of not having a plan in effect.

PLANNING COMMITTEE AND THEIR RESPONSIBILITIES

This committee should oversee the development and implementation of the plan. For the plan to be successful, membership on the committee must reflect a holistic approach including input from all departments allowing each to share the vision and their concerns from the plan's infancy to implementation to assure proper communication.

Committee Chairperson

Different organizations use different title designations; Business Continuity Planner (BCP), Risk Manager, Recovery Coordinator, etc., but regardless of terminology this individual is the person responsible for overall synchronization of a recovery project or claim. In large corporations there is usually a designated Risk Manager who coordinates the various insurance coverage and acts as a liaison between the disaster victim and the insurance company. As the primary party in the recovery process, the person given this mission must have the autonomy and authority to make decisions of emergency and to assemble services as needed.

Executive in Charge

An Executive in Charge will ultimately be held accountable for the entire enterprise and will be responsible for executing (signing) any documents necessary to expedite the recovery process. An effectively constructed recovery plan includes the delegation of proper authority from this executive to the BCP.

Adjuster

Since the insurance adjuster is managing the resources of third-party organizations, they are obligated to represent the insurer's interest. It is the desire of most claims personnel to provide any assistance to make the claims process go as smoothly as possible. In a professional relationship, the needs of the customer and the insurer need not be adversarial. When constructing the plan, it is advisable to proactively seek the participation of the insurer and their designated claims representative to assure communication and ensure that steps being taken are best practices.

Agent/Broker

In addition to the responsibility of administering the insurance policy, your agent or broker will assist in the claims reporting process. They should also act as a liaison between the disaster victim, insurance carriers and other similar representatives. These professionals have a considerable amount of experience in this capacity and can also prove to be a valuable resource when assembling other vendors such as salvage agents, restoration services, temporary equipment and other similar services. The broker will act as an advocate for the disaster victim and can assist when differences between the insured and the insurer arise.

Property Owner

In situations involving tenant/building owner decisions, the property owner should be included in the planning process to assure authority if and when a disaster should strike. Any decision that includes structure related issues will require their participation in the recovery phase, thus the need for proactive inclusion.

Department Leaders/Delegates

Representatives from operations, support, integrated systems, communications, accounting, records management, personnel, warehouse and distribution and any other pertinent departments must participate and submit the necessary information to complete a Risk Analysis. They must review their function in the organization and determine the potential impact associated with any possible disaster.

Purchasing

In addition to the potential need for replacement of raw stock and materials, there is the very real possibility of outsourcing production or services on an interim or long-term basis. The procurement process should allow for such contingencies as well as proactively seek "disaster recovery" vendor services while in normal business operations rather than attempting to do so during a catastrophic event.



PRE-LOSS PLANNING



Review Insurance Policy

The time to recognize problems is prior to an insurance claim. To avoid the surprises commonly encountered in the aftermath of a catastrophic event, review your policy carefully. Pay particular attention to clauses, exclusions, values and limits, business interruption, depreciation and other similar issues. It is strongly recommended that this step be performed in conjunction with your agent or broker.

Regulating Authorities

In the aftermath of a catastrophic event, such as a fire, a flood or a hurricane, there is a strong likelihood that one or more government agencies will be involved in the emergency response. Your plan needs to incorporate how those government agencies may impact the recovery of your business.

Should a fire occur, you need to be “on the same page” as the local fire department. They will want to know that you have an evacuation plan and that all staff members are familiar with the escape routes and the rally point. Your facility should display the proper placards to notify emergency responders of the potential risks and hazards awaiting inside. Proactive discussions with representatives of the fire department can, not only help you as you assemble your plan, but also provide an avenue of communication to those authorities that may improve cooperation while helping them understand your priorities. Should an area-wide event occur, it is highly likely that law enforcement will be utilized to bring order and security to the affected region. Municipalities, counties, states and regions each may have a

part in the recovery process. Since this varies so drastically from region to region, it is incumbent upon the committee chairperson or their delegate to investigate the policy in their respective district. Gaining access to your facility can be delayed drastically without the proper identification or credentials. By taking these steps in advance, your professional, yet personal relationship with these agencies may expedite your recovery process.

If you are dealing with a city or municipality, you should know whether it is the Mayor’s office, the police department, the fire marshal or other emergency agency that is the primary contact. If damage is widespread enough to default to county agencies, will it be the sheriff’s department or other civil defense organizations? As the area expands to the state level, the Department of Public Service, the governor and even the National Guard may play a part.

In severely affected regions it is probable that federal government agencies will be in control, such as the Federal Emergency Management Agency (FEMA). When losses involve suspected foul-play such as arson or explosives, the Federal Bureau of Investigation (FBI) and its special arm, the Bureau of Alcohol, Tobacco and Firearms (ATF), will be the controlling authority.

The lesson to be learned from these issues is that when an emergency situation arises or is declared many of the variables involved may be beyond your control. By taking the time to determine who the likely participants will be in that time of crisis can drastically accelerate your access and thus your recovery process.

Capital Asset Inventory

In the perfect world, you already have access to a list describing in detail each piece of equipment and machinery. In the real world, it is more plausible that such an inventory will need to be constructed. When assembling the inventory, the item should be identified by type, manufacturer, age, original cost including freight, installation, peripherals and modifications. It is not necessary to utilize a third-party vendor to complete a formal list and appraisal; it can be accomplished using internal resources. Often omitted from these inventories are those items which were purchased as general expenses rather than capitalized or whose book value has been amortized and is no longer on the ledger. These items still have value to organizations and to the claims and therefore must be included in the inventory process. The inventory should be updated periodically (at least annually) and recorded via photograph or video. All inventory records should be duplicated, and the second set should be kept in a fire-resistant storage facility off campus.



PRE-LOSS PLANNING



Vital Records

Again, in a perfect world, all vital records and documents would be duplicated and stored safely off site while computer files would be “backed-up” every day. In the real world, documents are kept on-site and exposed to potential peril, while computer files may go weeks before being stored properly.

Problems can and will result if the information on these records must be recreated without an appraisal, inventory or ledger. As a general rule, records managers are some of the most informed and proactive individuals in terms of preparing a contingency plan. As a group they tend to see the value in taking the necessary steps as well as the potential cause and effect of disaster scenarios.

It is estimated that between 5% - 7% of business records exist in their original form. It is important as the process is taking shape to define what really is considered vital to your organization’s recovery process. Determining factors include federal mandate, business needs and customer demands. In many cases the duplicate may be satisfactory, but some issues require the original document because it is not only the information on the record, but the condition of the information itself.

Business Impact Analysis

Working in conjunction with the accounting department, the Business Impact Analysis (BIA) is performed to determine the “real dollar” value of the business or section of the business being out of commission. A function of the BIA is to establish a timeframe for business resumption, which will establish the time line, needed to return

the facility to pre-loss condition or the need to use a temporary location. A BIA must consider the interdisciplinary factors of the various departments and establish priorities based on their impact to the business.

Hazard Analysis

Members of the planning committee will be responsible for gathering data necessary to prepare a claim. While the assumption is that they will represent all departments, we cannot assume that they know their responsibilities nor would we assume they are familiar with the sense of urgency required. Once they have been identified, you must give them the appropriate training on the issues related to the tasks they will be assigned.

One such task is the Hazard Analysis or Risk Analysis. Team members should envision prospective loss scenarios. An effective plan contains a Hazard Analysis that includes a range of possible disasters. And whether they represent natural, technical or human threats. The functional area of the organization should be analyzed to determine the potential impact associated with each disaster scenario and any related “domino effect.” Subjects that should be considered are: Financial Impacts and Exposures; Operations Impacts such as Customer Service, Reduced Quality, Loss of Competitive Advantage; Intangible Impacts such as Public Opinion, Employee Morale and Employee Confidence; Critical Business Functions; Requirements for Business Continuation; and Loss of Customers.

Certain perils are more likely to occur than others

when factoring domiciled region, site location, building construction, type of operation, stored materials and other similar contributors. Although it would not be feasible to forecast every prospective loss, it is possible to establish several what-if scenarios.



RESOURCES



Using a restoration service

Choosing a Service

Use the pre-loss plan as the opportunity to select a restoration vendor proactively, rather than reactively. When disaster strikes, you will face numerous difficult management decisions. By taking the necessary steps to select the vendor now, the vendor is able to gather information about your facilities that allow them to respond to the specific needs of your situation with a sense of urgency. Ultimately, it will avoid costly delays associated with post-disaster decision-making. Think of it as adding a virtual team of restoration professionals to your staff, without the added overhead.

How to Choose

There are two primary methods of identifying a restoration vendor. First, and most common, is to seek their services in the aftermath of a disaster. This method is used most often because, as alluded to earlier, the customer is not aware that such services exist. Therefore, they give it no forethought. Thus, disaster victims find themselves facing a myriad of decisions when hours count and delays can have a greater effect.

As the property owner, the disaster victim is ultimately responsible for choosing the restoration vendor. If no research has gone into pro actively identifying a vendor, the disaster victim typically relies on the advice of the insurance company's claims representative. In doing so, several vendors may be contacted and asked to submit bids (scopes of service). From these bids, decisions are usually made based on economic criteria. The reader should be advised to compare the submitted estimates

closely. As a rule of thumb, if the scopes submitted are the same, the cost should be very similar as well. A distorted range of prices usually is an indicator that either the vendors differ in their opinion of the degree of damage, or one of the estimators has made a calculation error.

The second method of securing a restoration vendor is "pre-selection." Having a member of your organization proactively seek out a restoration vendor is highly recommended in disaster planning. Historically, this step is commonly overlooked when the planning committee develops a business recovery plan. Proactively selecting a restoration vendor prior to a loss can have a dramatic effect on the recovery time as restoration services can begin immediately.

Service Relationships

It is important to re-emphasize a couple of issues. As the property owner, you are responsible for selecting the vendors who will provide the service. While the claims representative is an interested third party, for legal reasons, the agreement must be between the property owner and the service provider.

Therefore, the restoration vendor will initiate an agreement and expect the designated representative of your vendor to sign it, authorizing the vendor to proceed. This agreement is a contract, a covenant if you will, between two parties agreeing to meet their respective obligations. The restoration vendor should state in writing, the services they will provide, how they will perform the tasks, how long it

will take and how much it will cost. In return, you agree to compensate them for services rendered.

Ultimately, the vendor is accountable to the customer, the disaster victim, and must follow their direction and submit all reports to them. It is logical to allow communications between the vendor and the insurance company's claims representative and promote trilateral communication during the process to keep all parties informed. If damage is such that it will require long-term restoration efforts, it is not uncommon for the restoration company to request "progress payments." Each company has their own policies and procedures regarding this matter, and it should be addressed at the beginning of the recovery process.



RESOURCES



Using a restoration service

Service Capability Differences

As with all industries, there are vendors with varying capabilities and resources. For those involved with contingency planning, it is more than likely your interest will lie with a company that can provide services on both small and large scales in conjunction with a wide service area.

When putting together a recovery plan, the contingency planner must consider a "worst case" scenario.

If a commercial facility is affected, does the vendor being considered have the resources to address the building and all of the contents involved should full-scale contamination occur? Most vendors are staffed and prepared to meet a certain volume of production in a short period of time.

In cases where damage is so severe, or the volume of work that must be produced in a short period of time exceeds vendor resources, a restoration vendor who specializes in large-scale commercial services is the better choice. By comparison, commercial disaster victims historically present different challenges than those encountered in residential cases.

For example, electronics and automated production equipment present different recovery needs and technology than typically found in a home. Therefore, the ideal restoration vendor has the capability to adapt their service to the needs of the client. The ability to complete a large volume of work in a short period of time is important to the disaster victim as well as the interested third-party claims personnel. In choosing the vendor, it is also

important to consider their objectives and integrity. A vendor who is willing to inform all parties of the situation as it truly is, rather than pacify with "things you want to hear" is an invaluable asset to the recovery process.

Steps in Dealing with a Restoration Vendor

You will want to select a vendor whom you can trust, who provides quality service, who provides value and who can respond to your needs. Here are some guidelines to accomplish the task.

- Select the type of vendor that suits your organization. If you have one location or a few locations that are in relatively close proximity, then a local vendor may meet your criteria. However, if you have multiple properties in various locations across the country, you will probably be best served to utilize a national vendor who has the resources to meet that obligation.
- Decision Factors. You will want to select a restoration vendor who, not only has the staff and equipment, but also the technical experience necessary to meet the production needs. Restoration knowledge is a given, but seek to determine if they have the experience necessary to deal with a commercial loss that may be large enough to equal a restoration vendor's annual production. The differences between a residential loss and large commercial loss cannot be capsulated in the space available here. Needless to say experience in that arena is a necessity. In addition to quick response, offered twenty-four hours a day, look for a vendor that values its personnel (and yours) enough to have a written

health and safety plan.

- Things you should know. In addition to references, it is logical for you to want to know some basic information about the restoration vendor. Look closely at the references provided and try to ascertain if they include customers with similar profiles to yours. The experience of the company is important, but also inquire about the experience of the individual performing the assessment. Pertinent information should include response time, any service guarantees and the scope of services offered.



PLANNING CHECKLIST



ITEM	DATE	RESPONSIBLE PARTY
Obtained Executive Support		
Planning Committee Assembled		
Insurance Policy Review		
Regulating Authority Contacted		
Municipal		
County		
State		
Federal		
Capital Asset Inventory		
Vital Records Established		
Business Impact Analysis		
Hazard Analysis		
Loss Classification Established		
Plan Written		
Practiced		
Maintained		



POTENTIAL CLAIM ITEMS



Consult with your accountant regarding potential claim items. They may include the following:

Advertising	Legal Fees
Bad debts	Licenses
Bonuses	Other Taxes
Claim preparation expense	Overtime
Commissions	Postage
Consulting Fees	Payroll Tax
Corporate Charges	Rent
Depreciation	Repairs/Maintenance
Discounts	Sales Department
Dues and subscriptions	Supplies
Engineering services	Telephone
Experimental expenses	Tooling
General administration expenses	Travel
Insurance and benefit cost	Unemployment compensation
Interest Utilities	Utilities
Labor	Workers Compensation



EMERGENCY CONTACTS



VENDOR TYPE	CONTRACTOR/VENDOR	BUSINESS PHONE	AFTER HOURS PHONE
Architect			
Carpenter			
Computer Service			
Data Recovery Service			
Electrician			
Disaster Restoration & Reconstruction Partner	ServiceMaster by Glenn's	772.567.4435	772.567.4435
Freight Service			
Freezer Space			
Hardware			
Janitorial Supplies			
Locksmith			
Pest Control			
Plumber			
Rental Space - Temporary			
Rental Space - Storage			

