



# CPM Global Assurance

Integrating Business Continuity, Security, and Emergency Management

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## Vital Records Protection

Issues for small-business owners

■ By Van Carlisle

**A**n oft-repeated corollary in the BC/DR world is that one of the most crucial first steps in contingency planning involves vital records protection. That is, protecting (via various approaches and methods) vital and irreplaceable company records and documentation categorically essential for organizational survival and recovery.

In an especially catastrophic disaster, a small business will probably need assistance in funding the recovery effort. “Whether it is a private sector insurance claim payout or an SBA disaster loan, if the affected small-business owner can’t produce certain vital business records because they were inadequately protected, then the funding stands the risk of being delayed while officials attempt to verify the value of the property losses,” says Carol Chastang, a spokesperson with the U.S. Small Business Administration in Washington, D.C.

Too often, small-business owners neglect contingency planning and vital records protection (VRP).

According to the Small Business Administration’s 2002 records, there are approximately 5.6 million small businesses (with fewer than 500 employees) and another 16 million self-employed Americans. Estimates are that 40 percent of small businesses never reopen following a disaster, while only eight percent have a comprehensive business continuity plan (one that includes VRP), according to the New Jersey Commerce, Economic Growth and Tourism Commission.

While there is heightened interest in disaster preparation in places like the Gulf Coast, beyond that, there seems to be a tendency toward business as usual.

The reasons behind this are many and varied.

- Many small-business owners simply labor under the misconception that detailed contingency planning really only applies to larger organizations with very complex risk factors and exceedingly valuable assets. The majority of small businesses will never accumulate the huge amounts of vital information processed by large enterprises; however the ability to access vital business records during an interruption and/or recover is just as critical.

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- VRP tends to fall under the auspices of technology departments as they are naturally more attuned to disaster planning and data preservation than other functions. In many cases, an IT department will develop a VRP plan, even if the company as a whole lacks one. Since many small businesses don't have an "IT department" per se, (often consisting of a single person performing multiple tasks) it can be nebulous as far as to who or what function should own VRP.
- VRP is a process, as opposed to a project, and small-business entrepreneurs tend to not like adhering to process, preferring to have a more "flexible approach" toward business.
- Even when recognized as crucially important, efforts for contingency planning are probably going to end up taking a backseat to revenue-generating activities.

Although not a widely shared perception among the small-business community, the fact is that small businesses have a plethora of cost-effective, relatively easy-to-deploy VRP options available to them.

Some of the typical approaches include maintaining information on CDs (or other portable media), which are then stored in a UL-rated fireproof filing cabinet or safe and duplicating vital data on remote servers administered by an external, off-site data storage vendor. Keeping vital records off site can be a good option for archived vital records; however, when storing current information, such as daily transaction records, off-site can become expensive and time-consuming for a small business.

Another of the major disadvantages to this (or any other off-site) option is the tendency to focus only on site-specific risk factors, such as a fire or explosion. Hurricane Katrina is a good example, showing the range of a catastrophe can be hundreds of miles. In one well-known Katrina case, a small law firm's New Orleans area offices were destroyed. When they commenced the recovery effort, they discovered that the offsite vital records depository, which was located about 20 miles away, was also drastically affected. The end result was a severely hampered and delayed recovery process for the law firm.

Whether the small business goes with on-site or off-site storage, the first business continuity action should be to procure UL-rated fireproof safes and/or filing cabinets. Even if off-site VRP is deployed, the business will have some vital records on site at some point, and they need to be adequately protected at all times.

Regardless of the size of your business or the industry you are in, proper risk management is one of the most important steps a business can take to protect its future from disasters. Installing effective fire suppression systems and storing important items and other documents in fireproof containers is the best a business can do to ensure that minimal damage will occur in the case of a fire. The cost of adding this equipment is negligible when compared to the cost of replacing what has been lost in a devastating fire.

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