

Chapter V: Business Retention and Expansion Before and After a Disaster

This chapter is intended to discuss critical actions that must be taken to retain local businesses after a disaster strikes. Existing relationships with businesses are crucial during a disaster as communication channels can become disrupted and chaotic. Local businesses are likely to call on your organization for guidance and direction. Others may not call but should receive some form of outreach by your EDO or partner (e.g. Chamber of Commerce, Community Futures etc.) in order for them to know they are a valued part of the local area and will play a vital role in the community's recovery process.

It is critical that EDO staff use multiple outreach methods to care for impacted businesses, to gather information on how they've been impacted and then to use that information as a means for providing critical business assistance. This chapter will highlight some of those efforts; however it is important to stress the need to tailor these ideas to your own individual community. The various case studies outline effective practices from the field in spurring local recovery through strong business retention efforts.

Business Retention and Expansion

Business retention and expansion (BRE) is one of the key practices of any EDO. The purpose of a BRE program or effort is for the EDO to provide assistance with business challenges that may force a company to fail and subsequently close, and to prevent companies from relocating to a new community. This is usually accomplished either through personal visits, surveys, focus groups, going door-to-door or other methods. Economic development professionals seek to understand the needs of impacted businesses, particularly those at risk of closing or relocating elsewhere, respond to those needs by connecting them with needed resources, and address local issues that detract from a healthy business climate in which local businesses can prosper and grow.

BRE efforts should result in strong relationships with businesses, and develop a deep understanding of the challenges they face so your organization can provide the most appropriate suggestions of private and public resources –either at the local, provincial or federal level. When a disaster hits, organizations with existing

relationships will facilitate better communication with impacted businesses, and trust your organization will point them in the right direction for recovery resources.

In large-scale disasters, it is important to remember many business owners are likely to be dealing with a number of overwhelming challenges. They may be facing business and / or personal losses, including the loss of loved ones. Many economic developers in disaster-impacted communities talk about how they first served as an unofficial counselor with business owners crying, sharing frustrations and other emotions when first meeting shortly after the event. It is important that staff serving in this function be prepared to demonstrate that they care for them and assist them in the hour of need. In some cases, training on how to be sensitive to these issues may be necessary.

Disaster Preparedness Activities for Business Retention

Disaster preparedness for your community requires engagement from both the public and private sectors. Local government has the legal responsibility to make public emergency management plans and respond to disasters; however, local government cannot act alone in addressing all the needs of the community. The private sector has important additional resources and the ability to assist in the case of a disaster. Yet, a business owner or executive's busy schedule can limit his or her involvement. Therefore, the EDO must serve as an intermediary between the business community and public sector, engaging the private sector in meaningful disaster preparation activities. In Chapter III, Disaster Preparation Measures, there are more ideas on how to engage the business community in disaster preparation such as:

- Establishing a core team of engaged business leaders to identify issues and solutions to post-disaster economic recovery issues
- Creating a tiered system for business re-entry
- Delivering effective business continuity workshops to small and mid-sized firms

Collect Critical Emergency Contact Information from Local Businesses

When a major disaster strikes, communication channels are commonly disrupted at a time when the community needs them most. EDOs should prepare to have several different ways of contacting local businesses. Disasters can knock out electricity, which means that Internet and e-mail are inaccessible. Cell phones can also be down for a period of time, but text functions may still work in an emergency situation. Therefore, EDOs should make sure to collect the cell phone numbers of key executives in the business community ahead of time. Collecting this information can be built into regular BRE visits by the EDO's outreach team, but be aware that this information can be considered confidential and some companies can be reluctant to share it. Building trustworthy relationships with businesses can facilitate sharing this confidential information.

Another way of collecting information is through an online registration system. Businesses can register online and provide basic company information and alternative contacts prior to a disaster. If the area is hit by a disaster, this information allows economic developers to contact local businesses, identify the impacts of the disaster, and determine the business community's most immediate needs. Online registration systems can also be streamlined with existing BRE software programs like ExecutivePulse, which is the solution provided by EDA¹², BCEDA and SEDA through their associations' respective BusinessCounts programs. Alternatively, if the municipality issues business licenses, collecting the information at the application stage is another alternative.

Establish Remote Server to Back-up BRE Database

As part of the organization's business continuity plan, an EDO should plan for a backup office location to use in the case of an emergency as well as remote data backup for its computer network. If a BRE database is only stored at the office, the EDO may lose the ability to access emergency contact information, or they may even lose the data permanently depending on damage to their facility. More and more businesses and public agencies are backing up data in remote locations, and EDOs should do so as well. Another option is to host the BRE database in a cloud server, thus making it available from any computer with access to the Internet. The BusinessCounts program in BC and Alberta are cloud based programs using the Executive Pulse platform. Access is available to users through the Internet using

computers, tablets and cell phones.

Establish a Tiered System of Business Re-entry

In the cases where a residents and businesses have been evacuated due to a major event, creating a tiered system for business re-entry is a critical step for ensuring that your existing businesses can get access to their facility in an expedient manner so they can resolve business issues relating to the disaster. This activity is a critical step for the retention of businesses within your community.

A tiered re-entry system allows a designated person within a business to get immediate or early access to the facility in order to mitigate damages caused by the event, further protect equipment or inventory, and/or to retrieve critical business systems. These efforts can help ensure that the local business is able to weather the storm and recover from a major event. Before the community comes back to the disaster-impacted area, businesses that provide basic necessities such as gas stations and grocers also need early access to the community before residents start coming back to the area.

For additional information on establishing a tiered re-entry system that takes into account business and industry needs, see Chapter III on Disaster Preparedness. A detailed example of a re-entry plan from Jefferson Parish, Louisiana is included in Appendix 6.

Convene Local Banks to Discuss the Need for Flexible Financing

Post-disaster lending is critical in helping to retain local businesses and encourage them to rebuild following a major event. As discussed in this toolkit, government sources of lending can take time to reach impacted businesses while private financing can be flexible and move with speed to meet local needs. It is in the best interest of the banking community to assist business and industry with access to capital in order to get the local economy back up and running.

After a disaster, banks need to have programs in place that are flexible and affordable for impacted businesses. As a preparedness measure, economic development professionals are encouraged to convene local banking leaders to discuss how they may best serve businesses impacts by a disaster.

¹² <http://www.edaalberta.ca/page-1721480>

The Importance of Engaging Banks in Planning Efforts

Economic development professionals must include financial institutions in the planning process and implementation, if they are to be partners in recovery. After a disaster, financial institutions may be concerned that investments they make will not be recoverable. Including them in the planning process ensures that they are aware of the steps being taken to help get the economy on track.

Prepare Media Messages and Communication Channels

A breakdown in communication is one of the most difficult barriers to overcome for the business community after a disaster. In this environment, rumors and inaccurate information spread quickly and hamper the post-disaster recovery process. Telecommunication and power outages may be widespread, or there simply may be confusion regarding the status of recovery efforts and where to access help.

Economic development organizations can devise a communications strategy ahead of time to anticipate these problems. EDOs should update their staff contact information and identify a system for communicating with staff after a disaster as part of their business continuity planning effort. They should also collect emergency contact information for local businesses such as cell phone information (as aforementioned). Finally, they should be concerned about the perception of their community after a disaster by what the local, regional, and national media communicates to their audience. EDOs can craft a media release in advance to be used and updated in the case of a major incident.

Increasingly, economic development professionals in areas impacted by disasters point to the essential role that social media has played in their communication strategies. In the immediate aftermath of a disaster, Facebook and Twitter can disseminate information to constituents, and as the recovery stages set in, these channels can be used to communicate with national and international audiences. Furthermore, when mobile phones' calling features do not work due to downed towers, there is still a possibility that smart phones will be able to access the Internet. For further details on preparing effective media communication, see the Crisis Communications chapter.

Strategies for Retaining Businesses after a Disaster

Even if an EDO has engaged in pre-disaster planning activities, communities are often unprepared for the chaos that emerges after a disaster. The needs are great and resources are stretched in every direction. Businesses may need short- and long-term financing and planning resources, and economic development organizations are tasked with how to best meet these needs. EDOs must quickly locate recovery information, financial, technical assistance, and planning resources, and determine the best method to deliver its services to businesses.

A disaster-impacted community also needs to develop a long-term vision for how it will rebuild its economy. It takes time, leadership, and resources - all of which will be in short supply - to develop an economic recovery plan with buy-in from community stakeholders. Yet, a post-disaster strategic plan provides the opportunity to reevaluate economic objectives in light of vulnerabilities and establish strategies and action steps to make progress toward long-term recovery.

Establishing a Business Recovery Centre

Within the first couple of weeks after a disaster, a community should establish a business recovery centre to meet pressing needs in the business community. Because the centres services are tailored to address business needs, it is typically established separately from any other disaster recovery centres to avoid confusing individuals who need social services. If there is one BRC centre, it is important to make a clear distinction between business services and social services.

An EDO often takes responsibility for establishing the centre and engages the participation of community stakeholders. Most disaster-impacted communities should have the BRC up and running within two weeks of the disaster. See Chapter IV on Small Business Assistance for more details on how to establish a business recovery centre.

Delivering Retention Services through a Case Management Approach

A case management approach to business assistance involves assigning a trained staff member to an impacted business in order to provide individual business assistance. Provided a community secures

additional funding sources to support this effort, this case management effort has been particularly effective in connecting with small and midsize businesses as staff is able to meet at a convenient time and location for the business owner. Case managers tend to be business owners who are skilled in business planning and can link businesses with needed technical assistance in finance, marketing, manufacturing processes etc. Case managers often talk about how their visit and continued assistance creates an impact simply by making businesses “feel like someone cares.” See Chapter IV on Small Business Assistance for more details on the case management approach.

Communication and Outreach

Communication is always compromised in a post-disaster situation. The lead economic recovery organization has two important roles in communicating with businesses in a post-disaster situation. The first is listening to businesses to understand their needs. The second is quickly disseminating relevant information to businesses regarding available resources and service providers who can help with cleanup, financing, and rebuilding efforts. In a post-disaster response environment, communication to businesses should be frequent, consistent, and provide useful information to help businesses and other economic recovery stakeholders to rebuild.

Step 1: Establish a Business Recovery Hotline

Establish a hotline number that business owners can call to get information about the centre and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what the local, provincial, and federal government can and cannot do. Businesses will need access to critical information for their own recovery, such as when utility services will be restored. In addition, they will need to know the city’s inspection and rebuilding requirements, a list of local- and/or provincial-licensed contractors, how to select and pay a contractor, how to deal with insurance companies, and more. Businesses, particularly small businesses, also need information on how to navigate local, provincial, and federal government assistance programs where available.

Step 2: Develop an Online Web Portal

The EDO should establish an online web portal to facilitate communication between local government,

recovery agencies and businesses. A web portal can be a critical source of recovery information for businesses in addition to a business recovery hotline. The website can also allow displaced businesses to provide updated contact information.

Step 3: Establish an Outreach Campaign for Priority Businesses

An outreach campaign is an important effort for assessing the recovery needs of the business community, connecting businesses with resources, and engaging in major business retention efforts for identified at-risk businesses. Having reliable executive cell phone numbers and other backup contact information is critical. Depending on the type of disaster, economic recovery stakeholders may want to consider reaching out first to businesses that are critical economic anchors in the community and businesses that provide essential services in the local community, such as gas stations and grocery stores.

Following the flood in 2008, the Cedar Rapids regional economic development organization, Priority One, instituted a three-tiered business call program to contact the region’s major employers. The three tiers represented different levels of impact that local businesses experience: those directly impacted; those indirectly affected; and those whose suppliers or customers were affected. After Hurricane Gustav, Louisiana Economic Development called the top 1,000 employers in the state in order to learn how they could assist major employers and help mitigate potential job losses.

As businesses reveal their recovery needs during an outreach campaign, an EDO should advocate for quick response from the city to expedite utility services, re-entry and other issues. For example, Priority One staffers should serve as a liaison between businesses and the city to expedite the city’s emergency personnel response.

Step 4: Survey Local Businesses

One method of tracking a disaster’s impact on local businesses is to distribute a survey immediately after a disaster. Surveys can also help in assessing businesses resource needs such as capital funds and technical assistance. Additional government resources may be supplied if the community can demonstrate significant business damage. In many cases, devastated communities are unable to provide government with

reliable data on business impact. Business surveys can help provide this type of data.

The EDO should work with its partners to disseminate an outreach survey for local business owners to complete in order to gather intelligence. The method of communication will depend on which communication lines are most reliable and may include direct mail, telephone (landline and cell), website, e-mail, town hall meetings, conferences or workshops, surveying at the BRC, local media, or door-to-door canvassing.

ExecutivePulse created a survey for pre- and post-disaster assessment of businesses in the community, piloted during the Economic Disaster Recovery Project, which was spearheaded by Economic Developers Alberta and the British Columbia Economic Development Association. The tool is available in [Resource Appendix 5](#).

Case Study: Business Retention Efforts in Cedar Rapids Flooding

In 2008, Cedar Rapids, Iowa experienced the worst flood in its history. Flood waters rose for over a month, spanned over ten miles of the city, and covered downtown businesses and public buildings. Although the local media tried to provide updates on response efforts, the information did not come quickly enough or include what was critical to businesses. Priority One, the region's economic development organization, saw this gap and immediately launched a communication effort targeting the business community. They began by collecting cell phone numbers of the affected businesses, and they contacted businesses according to three tiers of priority:

- **First Tier:** Businesses that sustained physical damage from the flood
- **Second Tier:** Businesses that sustained economic damages
- **Third Tier:** Suppliers and vendors to first- and second-tier businesses

Priority One's five staffers had existing relationships with businesses and quickly became advocates on their behalf. They requested updates from firefighters and building inspectors on the status of facilities and were able to keep businesses informed of the progress. They also connected with the chamber of commerce representative in the Emergency Operations Centre (EOC) and made sure emergency response information flowed to businesses as well. Priority One's intermediary role meant it not only delivered information from city officials to businesses, but it also pushed for faster response from the city's inspection and cleanup crews.

A few years after the disaster, Priority One reflected on a few key lessons learned. First, communication channels are chaotic in the wake of a disaster. The most reliable communication is by cell phone. In fact, it will usually take several days for communication channels to come back to normal. Second, economic development organizations need to connect with critical response personnel like the EOC, utilities, law enforcement, public and private cleanup crews, and so forth, to deliver the most value to businesses. Third, EDOs should pursue media channels like television, radio, newspaper and media websites to make sure they include information relevant to businesses. Although recovery is costly and slow, having a strong communications plan can make the difference for a business impacted by disaster.

A full case study is available in the [Case Study Appendix 3](#)

Going Beyond the Survey

While information gathering is a key component of any BRE efforts, surveys, focus groups and business outreach must be used judiciously after a disaster strikes. Distributing surveys to distraught business owners in the wake of a disaster can be perceived as callous. As a result, there needs to be multiple open doors to care for, assist and gather information in the wake of a disaster. In some cases, surveying may not be the best way to understand the situation and provide assistance.

After a disaster, it may be more appropriate to meet with business owners face to face either through personal visits or focus groups. When conducting business visits after a disaster, owners and employees can be in an emotional state; therefore, it is important for economic development officials to listen with compassion. Interviewers may know which questions they would like answered, and take notes to be entered into a database, but they also need to recognize the visit may not go exactly as planned. Bringing in crisis counselors and financial planners may also be a helpful resource depending on the individual circumstance.

Interviewers may also consider working in teams. After a disaster, business owners may be frustrated and angry with local leaders and staff. Conversely, they may be experiencing emotional events such as injury or loss of an employee or family. Working in teams can help interviewees to bear the emotional burden, and process their experiences.

Another method of information collection is convening larger groups, a tactic that typically results in more focused and strategic discussions than the business visits. These groups are able to discuss the immediate issues and challenges and start planning for preparedness in the future. Additionally, the larger groups boost morale, as people do not feel as isolated and can share their experiences with others who had been similarly impacted.

Deliver Business Recovery Workshops

An EDO can organize workshops to address common and unique recovery issues to local businesses. Workshop speakers should include representatives from local, provincial and federal agencies as well as the local permitting office and other local professional service advisers such as tax preparers and lawyers. These representatives should be invited to make

presentations and answer questions from impacted businesses. It is also important to engage other economic recovery partners (other EDOs, business districts, chambers of commerce and municipalities) in order to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve local businesses on a local or regional basis. Local government facilities can serve as meeting space, and EDOs and their partners can advertise through existing communication channels. In the Bay Area of Greater Houston, the regional economic development organization, Bay Area Houston, conducted a business recovery workshop shortly after Hurricane Ike. They partnered with eight of the local governments in their jurisdiction to market to local businesses throughout the region. Police walked door-to-door to businesses with flyers advertising the workshops. The workshops were well received and well attended by impacted businesses seeking recovery assistance.

Financing

Providing Financial Services in Short- and Long-term

After a disaster, small businesses may face the need for working capital to meet payroll, replace damaged inventory and equipment and fund other operational costs. These funds are crucial to provide within the first month in order to get the business back up and running. As long-term recovery sets in, a small or medium-sized business may have to adjust to a changed local or regional market, and thus may need to reorient its product or service, train its workforce with new skills, find new customers and seek out new vendors. As a result, short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

Short-term/Gap Financing

There is much that EDOs can do to help their small and medium-sized businesses secure financing and technical assistance. Traditional loans are considered risky for small businesses in the immediate aftermath of a disaster. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims and other long-term financing sources. These funds are typically made

in smaller amounts than long-term financing – often ranging from \$5,000 to \$25,000 for small businesses.

Establishing a Bridge Loan Program

A bridge loan program provides working capital to businesses after a disaster but before the business is able to secure funds from other sources such as provincial disaster loans, insurance claims, renewed profits, or other sources. A bridge loan is typically paid back soon after the businesses has received other sources of funding. For example, the Florida Small Business Emergency Bridge Loan Program is activated by the Governor of Florida only in case of a disaster. Loans are made interest-free, and range from \$1,000 to \$25,000, but they must be repaid within 12 months. The program was established in 1992 after Hurricane Andrew, and it has been activated 12 times since. To date, the program has made over \$27 million in total loans to 950 small businesses.

Long-term Financing

Long-term financing helps businesses rebuild property, purchase equipment and inventory, and reorient their business around new markets if needed. Both private and public sources of financing can be made available to impacted businesses following a major disaster. Consideration should be given to combining local, provincial and federal sources to create a long-term financing program.

Other Financing Sources

EDOs should reach out to a variety of lending sources to identify funding gaps as well as help to educate local businesses on the various sources of funding available to their business. This includes outreach to local banks, credit unions, alternative lenders, foundations and other private organizations.

For more details on financing resources for small to mid-sized businesses, visit Chapter IV and [Resource Appendix 9](#) for additional Community and Economic Development Funding Programs.

Effective Use of Incentives

Incentives can also be used in times of disaster to provide a boost to the most viable businesses. Typically, incentives are focused on reducing the cost of doing business, increasing the flow of capital for business recovery and growth, persuading businesses

to reinvest, and prompting real estate investors to further invest in impacted areas. Local and provincial tax incentives related to property, equipment or investment can also be used as financing mechanisms to reduce the chance of firms relocating or closing permanently.

There are many types of incentives serving different purposes, and EDOs should develop a strategy to ensure the right mix of incentives is available. EDOs can examine how other communities and provinces have developed or advocated for incentives to encourage redevelopment and reinvestment in disaster-impacted areas. In some jurisdictions, incentives are not an option, so more focus should be paid to private financing means, if possible.

Provincial Incentives

After a disaster, the most vital incentives are the ones that help businesses renovate and upgrade facilities and equipment, retool for new markets, train employees with needed skills, and conduct other recovery activities. Most of the time, existing incentives can serve these functions, but new incentives can also be created to serve long-term recovery efforts. The most relevant types of incentives for post-disaster BRE include:

- **Property Improvement/Restoration Incentives:** These can be used to defer property taxes on renovations and improvements to facilities.
- **Equipment/Machinery Incentives:** This includes exemptions on property, sales, usage, franchise, or provincial income taxes on new building materials, machinery, and equipment.
- **Retention/Reinvestment Incentives:** These are based on saving jobs and investments of a company that may be in danger of closing.

Federal Incentives

Industry Canada offers a Loan Guarantee Program. It secures small business loans against inadvertent non-compliance with payment terms, including a range of reasons like disasters. Assets guaranteed include real property improvements, leasehold improvements and/or the purchase of equipment. It also offers an Employment Insurance Work Sharing Program.

Service Canada has measures to help employers avert temporary lay-offs by providing income support to workers who are willing to work a temporary reduced

workweek when there is a reduction in business activity beyond the control of the employer. The program includes special criteria to allowing easier access to the Work Sharing Program for business affected by major disasters or public threats.

Summary

This chapter has outlined some of the resources, strategies and steps an EDO can take to protect and

help restore its business community in the unfortunate event of a disaster. Whether reaching out to businesses, communicating with city officials, or liaise with federal agencies, the many roles of an EDO requires full engagement both before and after a disaster. Although not all impacts of a disaster can be mitigated, EDOs have proven that their actions can make the difference for local businesses and push the community toward a faster recovery.

Resources

Public Safety Canada (publicsafety.gc.ca) - Public Safety Canada works in collaboration with other federal departments and provincial and territorial governments, academia, national associations and non-governmental organizations to strengthen national emergency preparedness including planning, training, exercises and sharing lessons learned.

Canadian Red Cross (redcross.ca) - the Canadian Red Cross helps vulnerable communities in Canada affected by emergencies and disaster.

The Centre for Excellence in Emergency Preparedness (www.ceep.ca) - CEEP's mission is to facilitate and maintain optimal Canadian health emergency preparedness by providing expert consensus based on evidence and best practice.

Disaster Recovery Institute (www.dri.ca) - DRI Canada provides internationally recognized education and certification based on professional practices for Canada's continuity management profession.

Open for Business (<https://www.disastersafety.org/open-for-business/>) is a business continuity planning guide published by the Institute for Business and Home Safety.

Ready Business (www.ready.gov/business) was created to educate individuals, small businesses, and interested parties on business preparedness.

Prepare My Business (www.preparemybusiness.org) is an SBA website that provides small business resources for disaster and business continuity planning.

FEMA PS-Prep (<http://www.fema.gov/privatesector/preparedness>) is being launched by the U.S. Department of Homeland Security as a voluntary private-sector preparedness accreditation and certification program.

The Association of Business Contingency (www.acp-international.com) is the national association for business continuity professionals.

Preparing Your Small Business for a Disaster (www.bomasf.org/pdf/news/smallbizdisaster.pdf) is a resource that lists effective emergency planning activities and a list of resources.

Sungard Knowledge Centre (www.sungardas.com/knowledgecentre) has free resources on continuity planning, cloud computing, and data management.

New York University's International Centre for Enterprise Preparedness White Paper (<http://www.nyu.edu/intercep/Insurance%20Incentives%20for%20Corporate%20Preparedness%2017%20Oct%2006.pdf>) is on business preparedness and insurance incentives.

The Preparing Businesses for a Pandemic course (www.eden.lsu.edu/EDENCourses/Pandemic) will assist small- and medium-sized businesses in surviving a potential pandemic.

The Florida Business Disaster Survival Kit (<http://www.putnamcountychamber.com/docputnam/Business/FLA%20Business%20Disaster%20Survival%20Kit.pdf>) by the Tampa Bay Regional Planning Commission assists local businesses in business continuity planning, hazards analysis and response, and preparedness resources.

Community Resilience and Rapid Recovery of the Business Sector (<http://labrr.org/assets/docs/147.pdf>), by the Charleston Metro Chamber of Commerce, provides practical ideas for how business stakeholders should play a more active role in disaster recovery planning.

The State of Florida's Business Disaster Planning website (www.floridadisaster.org/business) will better prepare a business for future disasters by assisting them in creating a Business Disaster Plan.