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DISASTER RECOVERY GUIDE

for Small Businesses in North Carolina

Business Recovery Post-Disaster

Guidance for Small Businesses

Recovering from a disaster can be one of the most challenging times for a small business owner. This guide is designed to help you assess the damages, navigate the recovery process, and evaluate whether reopening or pursuing a new path is the right decision for you. The questions and checklists provided will give you a framework to structure your thoughts and decisions as you move forward.

Disaster recovery is different from everyday business management because of the heightened emotional and logistical challenges you may face. While you'll rely on your business knowledge and resilience, recovery also requires patience and adaptability as you chart the best course for your future.

Here are a few key considerations to keep in mind during the recovery process:

Unique Challenges: Be prepared for emotional and logistical demands that go beyond your usual business operations.

Emotional Toll: It's normal to feel overwhelmed, and it may take multiple attempts to process information or make decisions.

Structured Steps: Breaking tasks into smaller, manageable steps will help you stay organized and focused on what matters most.

Adjusting to the “New Normal”: While it's natural to want things to return to “normal” quickly, it's important to adapt to the new realities your business might face.

Patience with Decision-Making: You may make decisions that need to be revised as circumstances change—this is part of the process.

Common Barriers to Reopening

Reopening your business may not always be the best option, depending on your circumstances. Here are some scenarios where reopening might not be feasible or beneficial:

1. You are approaching retirement age and may not have enough time to recover your investments.
2. You lack access to financing options that make reopening possible.
3. Your business model was unsustainable before the disaster.
4. The costs to reopen are prohibitively high, or there is a significant loss of market demand.
5. Your location now faces new environmental risks, such as increased flooding or other hazards.

It's important to objectively evaluate these challenges and consider what's best for your situation. Remember, choosing not to reopen is a valid decision if it aligns with your long-term goals and well-being.

Psychological Support and Self-Care

The emotional toll of disaster recovery can affect not just your business, but also your personal well-being. It's crucial to take care of yourself during this process. Here are some tips:

Pace Yourself: Recovery is a marathon, not a sprint. Take breaks when needed to prevent burnout.

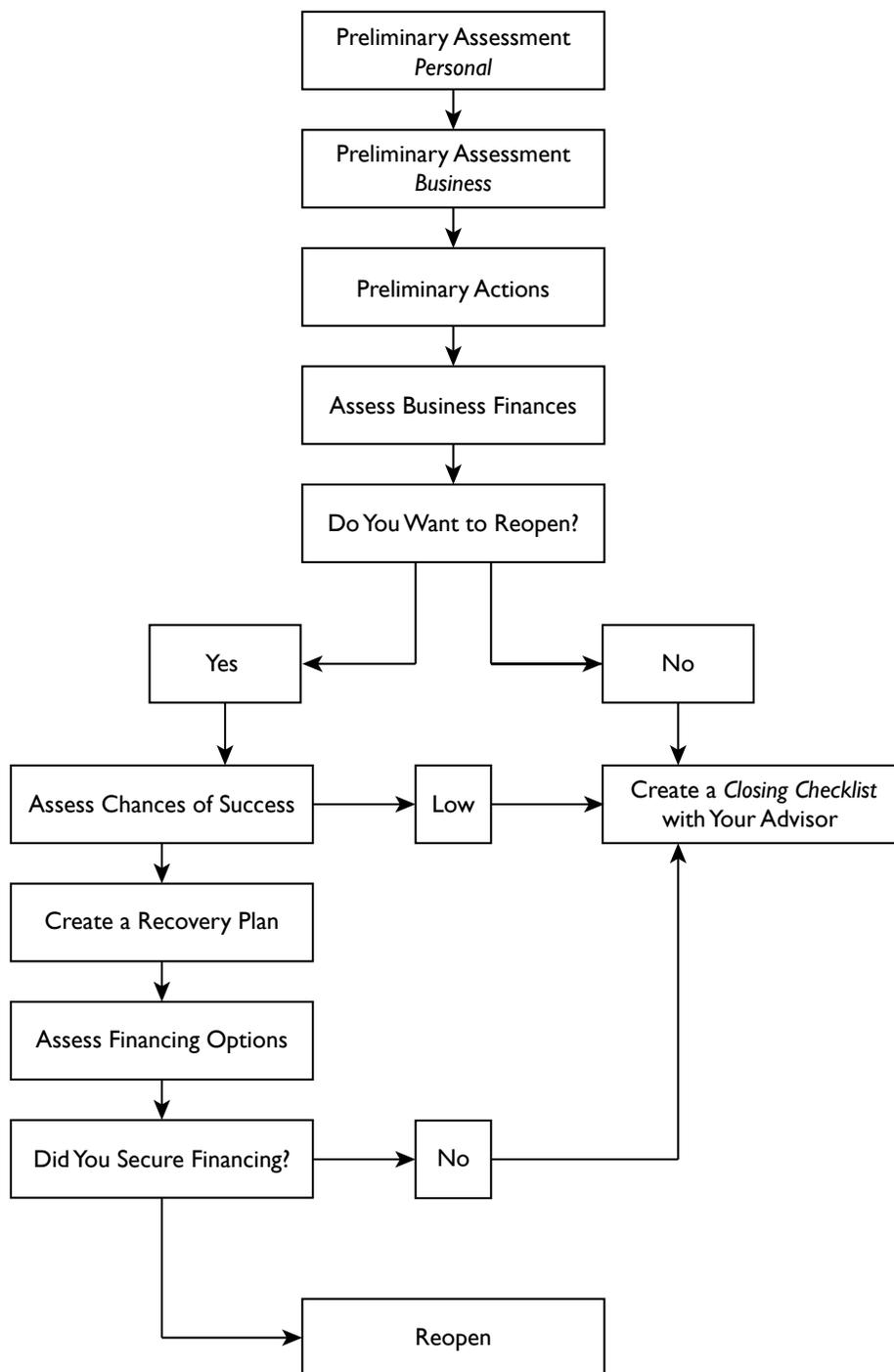
Lean on Resources: Partner with organizations like the SBA Disaster Team, local Chambers of Commerce, your local SBTDC office, and other support networks to get the help you need.

Seek Support: Don't hesitate to reach out to professional or peer support networks to manage stress and maintain perspective.

Recovering from a disaster is never easy, but it is possible. Taking time to make informed decisions about your business's future will help you move forward in a way that aligns with your goals and values. Remember, every step you take is progress toward rebuilding your business and your life.

Overview of the Process

Disaster Recovery Steps



Preliminary Actions

In the immediate aftermath of a disaster, it's critical to take a structured approach to stabilize your business and begin the recovery process. The following checklist is designed to help you prioritize key actions, assess your situation, and ensure you are addressing the most urgent needs.

- Have you contacted your insurance company? And registered with FEMA?
- Have you given your insurance company your preliminary damage assessment?
- Has your insurance company told you what your insurance payout is likely to be, when it will be made, and whether it will be in the form of cash or asset replacement or a mix of both?
- Have you contacted your staff and key stakeholders (including local and government agencies) for support?
- Are you keeping staff and stakeholders, including key customers, suppliers, and lenders/investors, informed of what you are doing?
- Do you need to lay off staff for the time being?
- Do you need to postpone purchasing supplies/inventory?
- Can you cancel orders that you have made?
- If customer orders have been lost or damaged or you simply cannot support them on time, have you informed those customers?
- Do you qualify for financial assistance from the government, and if so, have you applied for it?
- Have you restored your computer data backups and other necessary information?

Preliminary Assessment

Following a disaster, the immediate reaction of many business owners is to reopen their businesses 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 options before considering reopening.

To know what options are available, business owners should determine the financial health of their 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.



What are your initial thoughts about reopening your business?

- Were you happy running the business before the disaster?
- Were you making the profit you wanted?
- Did you prefer being your own boss?
- 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?

What type of damage has your business sustained?

- Is your facility operational?
- Can you reopen without significant repairs?
- Are your inventory, supplies, and equipment recoverable?
- Have any of your staff been affected by the disaster?

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 led to other businesses in your area closing, and if so, have you determined how this may impact your business?

Preliminary Assessment (continued)

What is the current financial position of your business?

- Do you have access to the financial records of your business?
- If you cannot fully reconstruct your accounts, do you have access to historical financial statements or industry benchmarks?
- Have you determined how much cash your business currently has available by creating a cash flow statement?
- Have you created a balance sheet and a profit and loss statement from the beginning of the current fiscal year to the time of the disaster?
- Have you analyzed the financial health of your business at the current time?



What options have you explored to help your business recover?

- Addition of new product lines or removal of existing product lines
- Addition of new services or a reduction of services
- Reducing operating costs
- Adoption of new technologies and processes such as selling online or curbside pickup
- Relocation; SBA disaster loans can be used for this

Do you know how you will fund the reopening of your business?

- Do you have access to the business's financial records?
- Have you analyzed the business's financial records to determine cash flow needs for now and in the future?
- Do you intend to fund the reopening of your business from existing business sources, your own resources, other investors, banks, lenders, or a mix?
- Does your financial analysis show whether the business can afford to use internal or external sources of financing to fund the reopening?
- If not, can you make adjustments so that it is affordable?
- If you cannot afford recovery, have you considered exiting the business?
- Can you afford to reopen your business?

Preliminary Assessment (continued)

Sources of funding:

- Even if you can fund the reopening of the business from existing sources, have you analyzed whether it is better to use external sources of finance?
- If you are seeking debt financing, have you applied for disaster recovery funding or spoken to your bank about your recovery funding needs?
- What existing lines of credit does the business have access to and can these lines of credit be accessed to fund the reopening of the business?
- If you do seek debt financing, what collateral do you have available to offer?
- If you are seeking debt financing, have you determined for what reason you are seeking the money (i.e. to replace inventory or buy equipment), the length of the loan term, and how much you will need?
- Have you considered financing the reopening of your business from your own resources or from other investors?

Location:

- Given the potential change in market conditions, is your business in the right location?
- Are there any plans by local government or others that may impact the viability of the location of your business, such as changes that may restrict access?
- Have other businesses reopened or plan to reopen in your area?
- Is the size of your office/facility too large or small given the future potential of the business?

Major equipment:

- Do you have the facilities and equipment that your business needs to reopen?
- If not, will you receive settlement for such equipment from your insurance company or will you have to purchase this equipment?
- If you have to purchase the equipment, have you analyzed whether it is better to purchase or lease?
- Is the purchase of equipment (including maintenance costs and insurance) justified, given the possible change in market conditions?
- Is the necessary expertise readily available to install the equipment?

Inventory:

- If inventory or supplies are to be replaced, have you reviewed historical information to see what is slow-moving?
- For inventory identified as slow-moving, have you considered removing it from your product lineup?
- Have you made an assessment of whether the changed market conditions will impact the buying patterns of your customers?

Marketing:

- How do you intend to advertise that your business is open/has re-opened?
- Is there any promotion of your local area by government or others?

How the SBTDC Can Help

✓ **Assess the Financial Impact on Your Business**

We help assess financial losses, understand physical and/or economic injury, and explore insurance and recovery funding options.

✓ **Reconstruct Financial Statements**

This step is key for insurance claims, funding, loss assessment, tax relief, strategic planning, and stakeholder confidence.

✓ **Develop Forward-Looking Plans for Rebuilding**

We help assess financial health, set recovery goals, and create a strategic rebuilding roadmap, with guidance on grants, loans, risk management, cash flow, and operational adjustments.

✓ **Evaluate Options with Creditors, Vendors, and Suppliers**

We assist in assessing obligations, prioritizing payments, and negotiating terms to protect cash flow and maintain essential relationships.

✓ **Prepare Disaster Loan Applications**

We guide you through necessary documentation, application completion, and accurate alignment with loan requirements.

✓ **Provide Info on the Types of Disaster Loans and Grants Available**

We clarify eligibility, loan terms, covered losses, deadlines, and the application process for each funding source.

Notes



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Credits

Text adapted from Oregon SBDC's and Arkansas SBTDC's disaster recovery materials

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The North Carolina Small Business and Technology Development Center (SBTDC) is a business advisory service of the UNC System, administered statewide by NC State University and operated in partnership with the U.S. Small Business Administration. Since 1984, the SBTDC has helped over 150,000 North Carolina business owners and prospective entrepreneurs make better business decisions. The SBTDC has sixteen offices across North Carolina staffed by specially trained professionals. For more information, visit sbtcd.org.

The Small Business and Technology Development Center (SBTDC) is funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

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