Help at the Worst of Times

Canadian SMEs and Natural Disasters

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Dan Kelly, President & CEO
About CFIB:

- Started in 1971
- 109,000 members in all regions and sectors
- Advocate for SMEs
  - Tax fairness
  - Credit card fees
  - Labour policy
  - Red tape
  - Fair competition
ONLY HOURS AFTER B.C. GETS HIT WITH A NATURAL DISASTER, OTTAWA ARRIVES WITH HELP...

PENS. YOU’LL NEED THEM FOR FILLING OUT YOUR INCOME TAX FORMS.
### Recent natural disasters: World vs. Canada

<table>
<thead>
<tr>
<th>Event</th>
<th>Death Toll</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>World</strong></td>
<td></td>
</tr>
<tr>
<td>2010 Haiti earthquake</td>
<td>300,000+</td>
</tr>
<tr>
<td>2004 Indian Ocean tsunami</td>
<td>230,000+</td>
</tr>
<tr>
<td>2008 Sichuan earthquake</td>
<td>87,000+</td>
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<tr>
<td>2005 Kashmir earthquake</td>
<td>86,000</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td></td>
</tr>
<tr>
<td>2003 SARS outbreak</td>
<td>43</td>
</tr>
<tr>
<td>1998 ice storm</td>
<td>28</td>
</tr>
<tr>
<td>2005 Legionnaire's disease</td>
<td>17</td>
</tr>
<tr>
<td>2000 Pine Lake tornado</td>
<td>12</td>
</tr>
</tbody>
</table>
Business challenges in Canada

- 2001 September 11 terrorist attacks
- 2008 global recession
- 2003 SARS outbreak
- 2003 blackout
- 1998 ice storm
- 2011 Goderich tornado
Don’t just read the headlines

Scale of Impact of Sept 11 Attacks on the US

<table>
<thead>
<tr>
<th>Date</th>
<th>Very negative</th>
<th>Somewhat negative</th>
<th>No impact</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov13-19</td>
<td>10</td>
<td>34</td>
<td>49</td>
<td>8</td>
</tr>
<tr>
<td>Nov6-12</td>
<td>7</td>
<td>38</td>
<td>50</td>
<td>6</td>
</tr>
<tr>
<td>Oct30-Nov5</td>
<td>9</td>
<td>37</td>
<td>47</td>
<td>8</td>
</tr>
<tr>
<td>Oct23-29</td>
<td>6</td>
<td>35</td>
<td>54</td>
<td>4</td>
</tr>
<tr>
<td>Oct16-22</td>
<td>5</td>
<td>37</td>
<td>53</td>
<td>6</td>
</tr>
<tr>
<td>Oct9-15</td>
<td>8</td>
<td>37</td>
<td>51</td>
<td>5</td>
</tr>
<tr>
<td>Oct 2-8</td>
<td>6</td>
<td>37</td>
<td>53</td>
<td>5</td>
</tr>
<tr>
<td>Sep28-Oct1</td>
<td>6</td>
<td>40</td>
<td>50</td>
<td>4</td>
</tr>
<tr>
<td>Week of Sept 11</td>
<td>18</td>
<td>38</td>
<td>422</td>
<td></td>
</tr>
</tbody>
</table>

% response

- Very negative
- Somewhat negative
- No impact
- Positive
Coping with the recession

Changes as a business owner (% response)

- Worked longer hours: 62%
- Cut my own salary: 43%
- Took on more debt: 40%
- Cancelled personal holidays: 37%
- I have not made any changes: 20%
- Other: 5%
- Outsourced to other countries: 4%

Source: CFIB, 2011 Budget Survey, November 2010 (6,141 responses)
What can businesses do?

1. Assign responsibility for managing a crisis.
2. Identify any threats to your business.
3. Mitigate against the threats identified.
4. Prepare an emergency plan.
5. Practice the plan.
Assign responsibility:

- Nominate lead
- Set up Emergency Management Team
- Appoint alternates

Consider personality and character of lead and team members. Will be required to respond well under pressure.
Identify business threats:

- Threats re location (e.g., earthquake risk)
- Threats re nature of business (e.g., flammable materials)
- Single points of failure (key personnel, key suppliers)

Consider **probability** of threat materializing, **vulnerability** of the business to that threat and potential **impact**.
Mitigate against threats:

Fire:
- Install/upgrade fire safety equipment
- Move flammable materials away from fire sources

Flooding:
- Don’t keep documents and computers in basement

Earthquake:
- Install tie-downs
- Reposition equipment/furniture to minimize risk

Loss/damage to electronic files:
- Keep back-ups off-site

Security:
- Office security/antivirus/firewall

Equipment failure:
- Review maintenance contracts
- Replace unreliable equipment?

Insurance:
- Review coverage
- Business interruption insurance?
Prepare an emergency plan

Evacuation procedures:

- Review/practice every 6 months
- Include alternate exits/reporting areas + procedures for reporting on those present/missing

Contact lists:

- Include home, cell, cottage numbers etc. for Emergency Management Team, key staff, clients, suppliers and other service providers

Essential functions for recovery:

- List key business functions in order of priority

Computer back-up procedures

Vital records:

- List of critical records (paper & electronic)
- Store copies off-site

Outside help:

- Contacts of external resources that may be available to assist
Practice the plan

➢ Test the plan once a year
➢ Update as needed
➢ Communicate the plan and include in training of new staff
What can governments do?

1. Defer tax installments
2. Enhance small business lending programs
3. Flexibility in complying with regulations
4. Waive penalties/interest
5. Promote importance of BCP
What can small business associations and agencies do?

- Waive/defer membership fees
- Advocate with governments for support/flexibility
- Lobby banks to be flexible
- Help answer SME owner’s questions
- Collect data on impact
- Promote importance of BCP – provide resources
Events that affected Canadian SMEs