

Continuity and Disaster Recovery Plans for Contractors: Lessons From the Past

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There is no shortage of natural disasters to illustrate the importance of being prepared. Wildfires, hurricanes, winter storms, and floods can hit a construction job site hard. Appropriate property-casualty insurance and surety bonds are necessary protections for a contractor and project owner. But the addition of well-thought-out continuity and disaster recovery plans will better position the contractor to deal with whatever Mother Nature brings.

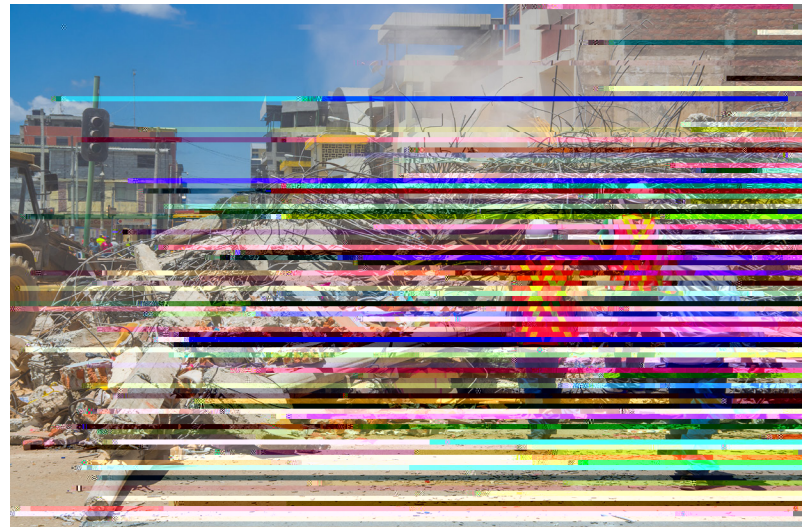
Consider Hurricane Katrina, the costliest hurricane to hit the United States. Pummeling Florida, Louisiana, and Mississippi in August 2005, the storm led to 1,833 fatalities and an estimated \$108 billion in damages. Levees meant to protect New Orleans from Lake Pontchartrain did not hold, flooding 80% of the city.

Utilities including power, water, and sanitary sewers were severely damaged. Homes were destroyed. Roadways were closed. Communications systems were down.

Contractors who had good business continuity and disaster recovery plans fared better than those who did not.

Strategies For Catastrophes

Business continuity and disaster recovery plans provide direction during a business interruption or the chaos that follows a natural disaster. A business continuity plan spells out how the contractor will continue to do business after an



interruption such as bad weather, a power outage, or a data breach. By contrast, a disaster recovery plan presents options for recovering from a disaster that significantly damages a company or operation.

In the event of a disaster or disruption, contractors must have uninterrupted access to their money. While they should know the continuity plans of all vendors, it's particularly important to consult with their bank before a disaster strikes. What is the bank's own continuity plan? How will the contractor obtain cash when their bank and its ATMs are inaccessible? The contractor can work with bank management to prearrange how the contractor will be able to continue financing work and provide emergency support for workers affected by a disaster.

During Katrina, contractors with a business continuity plan





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