Could Your International Business Survive a Natural Disaster?

Day-to-day responsibilities keep small business owners so busy that it's hard to contemplate the effects of low-probability disasters like tornadoes and hurricanes. Yet, knowing how to handle a major disruption, such as a plant closure or lost data servers can determine if a business survives. When operations span several foreign countries, recovery plans become more complex.

Fortunately, business owners don't need vast resources to prepare. "Preparedness is more of a mindset than anything else," says Chloe Demrovsky, director of global operations for DRI International, an international nonprofit headquartered in New York that has a mission to make the world more prepared with methods including business continuity and disaster recovery training.

A useful tool for a global workforce during a crisis is a trusted online foreign exchange service, which keeps international payments flowing smoothly so business finances are not severely impacted by a natural disaster. Business owners can perform a wire money transfer and still access full payment records for foreign transactions from their mobile devices, which will be particularly helpful if one's desktop computer is damaged.

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Demrovsky and other business continuity experts suggest the following steps, with special considerations for international businesses with foreign customers or an international supplier.
1. Research Potential Threats and Consequences

Check public records to learn about potential risks that could impact the international business, such as a nearby nuclear power plant, fault lines or flood plains, Demrovsky advises. "Focus on the types of impacts that could occur regardless of cause - potential impacts to the facility (fire, flood, facility is inaccessible), business/operation (labor strikes, pandemic), technology (server problems, Internet disruption), organization (mergers and acquisitions, intellectual property)," she says.

The same research needs to be done for operations or vendors in foreign countries. As companies source more of their products overseas, disruption risks increase, as with the tsunami that hit Japan in 2011, says Lyndon Bird, technical director of the Business Continuity Institute, an organization based in Caversham, England, which certifies members in preparedness management.

Demrovsky says business owners should leverage contingency plans. If only one supplier currently manufactures a crucial part, for example, a backup must be in place before something goes wrong.

2. Develop a Communications Strategy

Jim Bourke, a partner in the Red Bank, N.J. office of accounting and consulting firm WithumSmith+Brown, spent years refining recovery plans. But when Hurricane Sandy devastated the U.S. East Coast in October 2012, he discovered that a key element - calling employees on company-issued smartphones - was ineffective because many cell towers were inoperable. The firm switched to text messages, which use far less bandwidth.

For business owners operating with a global workforce, text messages and emails are among the most reliable communication tools after an emergency. It's important to contact foreign customers in other countries, who may not have heard about a disaster, Bourke notes. "They won't necessarily know you've been impacted," he says. "All they'll know is that you won't meet your deadline."

3. Back Up Data Online

Bourke's clients recovered more quickly if they had crucial data stored in the cloud, he says. "Those clients that stored data locally in stores and offices and business that were destroyed had a very difficult time recovering," he says. "With cloud-based systems, all the clients had to do was easily set up business elsewhere and get access to the same information they had [the] day before the storm hit. The advantage is business continuity."

Luckily, his firm had moved its "mission-critical" information - including thousands of client tax returns - to Web-based storage. "Our client data is more secure in that data center than it could ever be behind the bricks and mortar of our walls," he says.

Using the cloud is particularly helpful for international business owners, because information can be accessed from anywhere in the world.