

COASTAL VIRGINIA SMALL BUSINESS RESILIENCE SELF- ASSESSMENT AND GUIDE



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COASTAL VIRGINIA SMALL BUSINESS RESILIENCE SELF- ASSESSMENT AND GUIDE

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The Coastal Virginia Small Business Resilience Self-Assessment and Guide was developed by Dr. Wie Yusuf and Hannah King of the ODU Institute for Coastal Adaptation and Resilience for [The RAFT \(Resilience Adaptation Feasibility Tool\)](#), and the [Commonwealth Center for Recurrent Flooding Resiliency](#).

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Acknowledgements: The Coastal Virginia Small Business Resilience Self-Assessment and Guide was developed through support of the [Commonwealth Center for Recurrent Flooding Resiliency](#), [ODU Institute for Coastal Adaptation and Resilience](#), [Virginia Sea Grant](#), and the [ODU School of Public Service](#).

ADDITIONAL PARTNERS





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INTRODUCTION

Owning a small business is rewarding . You make your own decisions, set your own hours, and choose your employees and coworkers. You can create your legacy through the business, and if you're successful, make money doing it.

Small businesses, however, are vulnerable to a variety of risks, ranging from smaller scale events such as loss of power and recurrent flooding to large-scale events such as a pandemic or hurricane.

Small businesses, however, are vulnerable to a variety of risks, ranging from smaller scale events such as loss of power and recurrent flooding to large-scale events such as a pandemic or hurricane. Being resilient in the face of these unexpected events requires preparedness and planning. Planning for expected or known events such as exit from the business or anticipating future changes such as the transition to e-commerce and online selling are also important for small business resilience.

Being able to withstand and adapt to change has become a focal point for businesses. Resilient businesses recognize the vital role that planning, preparation, and collaboration play in developing and executing an ability to respond to challenges, adapt to changes, and thrive. This Small Business Resilience Self-Assessment and Guide is intended to help you both assess your business' resilience but also to develop a plan of action to build resilience.

The self-assessment is organized into four broad categories covering the following topics:

1. **Business Planning** including strategic planning, planning for e-commerce and online sales, and succession and exit planning
2. **Emergency and Disaster Planning** covering risk and vulnerability assessment, preparedness planning, continuity of

operations planning, and crisis and emergency communications

3. **Human Resources and Staffing** such as hiring, training, and retention
4. **Insurance and Protection** that addresses risk management through insurance, protecting physical assets, and cybersecurity.

This self-assessment is designed to provide an initial indicator of your business' resilience to a variety of risks and its long-term sustainability. For each category in the self-assessment, this guide also offers recommended actions for improving your small business' resilience and additional resources. The last section of this Small Business Resilience Self-Assessment and Guide lists additional resilience resources for businesses.

This self-assessment is modeled after the [Business Resilience Self-assessment for Tourism-related Businesses in Coastal Virginia](#) developed for the Commonwealth Center for Recurrent Flooding Resiliency.

INSTRUCTIONS

Below is a sample assessment worksheet. The first step is to complete the worksheet by circling the answers that apply to your business. Do this for each worksheet.

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have a written strategic plan for your business?	No	Yes
	Does your written business plan contain any of the following?		
<input type="checkbox"/>	Mission statement	No	Yes
<input type="checkbox"/>	Company overview	No	Yes
<input type="checkbox"/>	Industry analysis	No	Yes
<input type="checkbox"/>	Customer analysis	No	Yes
<input type="checkbox"/>	Marketing plan	No	Yes
<input type="checkbox"/>	Do you have a marketing plan for e-commerce and/or online sales?	No	Yes
<input type="checkbox"/>	Do you have a business leadership and staff succession plan?	No	Yes
<input type="checkbox"/>	Do you have an exit plan for your business?	No	Yes

Once you have completed all four sections, think about what the self-assessment, as a whole, says about your business' resilience. Then, go back to the self-assessment worksheets and identify elements that you may want to work on to improve your small business' resilience. Check the 'Need to address' box next to the element(s) you plan to work on. These items comprise your plan of action for enhancing the resilience of your business.

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have a written strategic plan for your business?	No	Yes
	Does your written business plan contain any of the following?		
<input type="checkbox"/>	Mission statement	No	Yes
<input type="checkbox"/>	Company overview	No	Yes
<input type="checkbox"/>	Industry analysis	No	Yes
<input type="checkbox"/>	Customer analysis	No	Yes
<input type="checkbox"/>	Marketing plan	No	Yes
<input checked="" type="checkbox"/>	Do you have a marketing plan for e-commerce and/or online sales?	No	Yes
<input checked="" type="checkbox"/>	Do you have a business leadership and staff succession plan?	No	Yes
<input type="checkbox"/>	Do you have an exit plan for your business?	No	Yes

Now you have an assessment of your business' resilience and a resilience-building plan of action, in addition to resources to help you get started.

BUSINESS PLANNING

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have a written strategic plan for your business?	No	Yes
	Does your written business plan contain any of the following?		
<input type="checkbox"/>	Mission statement	No	Yes
<input type="checkbox"/>	Company overview	No	Yes
<input type="checkbox"/>	Industry analysis	No	Yes
<input type="checkbox"/>	Customer analysis	No	Yes
<input type="checkbox"/>	Marketing plan	No	Yes
<input type="checkbox"/>	Operations plan	No	Yes
<input type="checkbox"/>	Financial plan	No	Yes
<input type="checkbox"/>	Organizational chart	No	Yes
<input type="checkbox"/>	Do you have a marketing plan for e-commerce and/or online sales?	No	Yes
<input type="checkbox"/>	Do you have a business leadership and staff succession plan?	No	Yes
<input type="checkbox"/>	Do you have an exit plan for your business?	No	Yes

Strategic business planning provides a road map for your organization. The strategic or business plan generally projects 3-5 years ahead and outlines how the organization will reach its milestones. A well thought out plan also helps you to step-back and think objectively about the key elements of your business and can inform your decision making regarding preparedness and recovery. Succession planning helps your organization develop employees to ensure it has the right talent for key positions. It enhances resilience by helping your organization remain successful even after a disaster or extreme event that may lead to loss of staff.

WRITTEN BUSINESS PLAN

- The Small Business Administration (SBA) offers several [templates for creating a business plan](#).
- [Business plan worksheets](#) also available from Hal Shelton, author of *The Secrets to Writing a Successful Business Plan*.
- SCORE provides a [business plan template](#) as a starting point for drafting a plan for start-up and established businesses.
- Your local [Small Business Development Center \(SBDC\)](#) may offer assistance with developing a business plan.

MARKETING PLAN FOR E-COMMERCE AND ONLINE SALES

The COVID-19 pandemic raised important awareness for businesses being able to take advantage of e-commerce and/or online sales. Various retail stores, restaurants and breweries, and even non-profits have come up with creative ways to make sales and bring in revenue during the crisis.

See the Guide to Business Planning for Digital Marketing and Online Selling (Appendix A)

BUSINESS LEADERSHIP AND STAFF SUCCESSION PLAN

If your organization lost its key manager or a critical employee today, would you have a successor with the knowledge, training and skills needed to fill their shoes? Leadership and succession planning

is the process of identifying important positions in the organization and creating a talent pipeline, by preparing employees to fill critical leadership and staff positions as others retire or move on. Succession planning helps ensure business continuity and performance, particularly during times of shifting leadership and staffing changes. Even when there is no identifiable successor within an organization, succession planning can help identify the knowledge, skills and training needed in a future external candidate.

Steps for succession planning:

- Create a demographic profile of your employees, including ages, roles, and skills
- Identify key positions to determine the roles and skills that keep your organization going
- Build job profiles for the key positions to document required knowledge, skills, and qualities
- Identify and assess potential candidates to decide who could advance to the key positions
- Implement employee development plans to create learning and knowledge transfer

EXIT PLANNING

For most businesses, the “exit” phase may seem very far off, and while you’re busy enjoying running the business, you may not particularly want to exit. However, it’s important that you develop and plan an exit strategy.

- It helps others prepare. For example, your managers and employees want to know about the future of the business, so they can feel secure in their jobs and understand

their roles. Your investors and lenders want to know how you will pay them back if you exit the business.

- It gives you a way out. You may need to leave the business for a number of reasons (e.g., retirement, burnout, or a medical emergency that leaves you unable to run the business). An exit strategy will give you a planned path out.
- It allows you to better plan your business. When you have an exit strategy, you'll be better able to direct the business. You'll have more time to prepare for the end.

See the Guide to Exit Planning (Appendix B) and Succession Planning Worksheet (Appendix C).

EMERGENCY AND DISASTER PLANNING

There are four key steps for improving emergency and disaster resilience of your business. This section is organized into these four steps:

- **Step 1: Risk and Vulnerability Assessment**
Identifying risks and vulnerabilities is the first step in planning for emergencies and disasters.
- **Step 2: Preparedness Planning**
Developing a plan for the threats and impact your business may face.
- **Step 3: Continuity of Operations Planning**
Recovery strategies to return to normal business operations.
- **Step 4: Communication**
Stay in touch with employees, vendors and suppliers, and customers.

RISK AND VULNERABILITY ASSESSMENT

Need to address...	Self-assessment (circle your answer)		
<input type="checkbox"/> Have you identified and assessed the risks that threaten your business and employees?	No	Yes	
<input type="checkbox"/> Have you identified and assessed the following risks as threats to your business and employees?			
<input type="checkbox"/> Hurricanes or tropical storms	No	Yes	
<input type="checkbox"/> Winter weather	No	Yes	
<input type="checkbox"/> Tornadoes	No	Yes	
<input type="checkbox"/> Floods	No	Yes	
<input type="checkbox"/> Cybersecurity	No	Yes	
<input type="checkbox"/> Power outages	No	Yes	
<input type="checkbox"/> Phone/internet outage	No	Yes	
<input type="checkbox"/> Loss of access to building/facility	No	Yes	
<input type="checkbox"/> Critical equipment failure (e.g., heat or A/C, cash registers)	No	Yes	
<input type="checkbox"/> How would you rate your business' vulnerability to flooding?	High	Medium	Low
<input type="checkbox"/> Is there flooding on major roads or areas around your business location?	No	Yes	
<input type="checkbox"/> Have you received any training on risk management?	No	Yes	

To be resilient, you must understand the risks that threaten your organization and employees, and how vulnerable you are to these risks. Small businesses can be at risk to a variety of hazards ranging from flooding to critical equipment failure. Identification and assessment of vulnerability is an important first step to being resilient. You can then focus your efforts on reducing your vulnerability or mitigating the risks and/or impacts.

Identify and assess risks and vulnerabilities.

Consider the following types of risks:

- Natural hazards such as flooding, severe thunderstorms (wind, rain, lightning, hail), windstorms, hurricanes and tropical storms, extreme heat, winter storms (snow/ice), earthquake, pandemic, foodborne illnesses.
- Technological hazards such as equipment breakdown, power outages, phone, internet outages, transportation disruptions, cyber/information technology threats (malware attack, hacking, fraud, denial of service, etc.), supplier failure.

In assessing your risks, rate the risk potential according to the probability of the risk and the impact on your business. Your vulnerability to the different risks is a combination of the likelihood and impact of the risks.

- Use this [Hazard and Vulnerability Assessment worksheet](#) from the American Red Cross to determine which hazards you should plan for and prioritize for continuity planning.
- Use this [Risk Assessment worksheet](#) from the Small Business Administration.

- Identify the threats to your business by identifying the most likely disruptions and their impacts using this [worksheet](#).
- Common risks for small businesses in coastal Virginia that you may want to include in your resilience planning include:
 - 0 Hurricanes or tropical storms
 - 0 Winter weather
 - 0 Tornadoes
 - 0 Floods
 - 0 Cybersecurity
 - 0 Power outages
 - 0 Phone/internet outage
 - 0 Loss of access to building/facility
 - 0 Critical equipment failure (e.g., heat or A/C, cash registers)

EMERGENCY AND DISASTER PREPAREDNESS

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have an emergency or disaster preparedness plan?	No	Yes
	Does your emergency or disaster preparedness plan contain any of the following?		
<input type="checkbox"/>	Emergency contact information for your employees	No	Yes
<input type="checkbox"/>	Evacuation, re-entry, or shelter-in-place plans	No	Yes
<input type="checkbox"/>	Continuity of operations plan (essential personnel, services, equipment; alternate reporting locations; reopening, critical records access)	No	Yes
<input type="checkbox"/>	Agreements and contracts with suppliers and contractors for critical operations	No	Yes
<input type="checkbox"/>	Mobile communications ready for use in the event of a disaster	No	Yes
<input type="checkbox"/>	Employee communication plan	No	Yes
<input type="checkbox"/>	Communication plan for customers, suppliers, the public	No	Yes
<input type="checkbox"/>	Are your employees familiar with this preparedness plan?	No	Yes
<input type="checkbox"/>	Do you have employees who are cross-trained in tasks outside of their normal job duties to assist with recovery?	No	Yes
<input type="checkbox"/>	Do you have reliable information sources for forecasts and alerts about emergencies or disasters?	No	Yes
<input type="checkbox"/>	Do you know where to find information about local shelters, evacuation procedures, and other needs in the event of extreme weather or a natural disaster?	No	Yes
<input type="checkbox"/>	Do you have a plan for evacuation or sheltering-in-place in the event of disasters or extreme weather events?	No	Yes
<input type="checkbox"/>	Do you encourage your employees to participate in emergency or disaster preparedness training?	No	Yes
<input type="checkbox"/>	Do you have emergency supplies on site?	No	Yes
<input type="checkbox"/>	Do you have backup copies of important documents?	No	Yes
<input type="checkbox"/>	Do you have generators on site?	No	Yes

Disaster preparedness means knowing how your facility, employees, and customers/guests will be able to weather an extreme event or disaster. Disaster preparedness may require upfront planning, training and investment in supplies and equipment. However, failing to prepare can mean millions of dollars in losses and major headache during (and in the wake of) an extreme event or disaster.

From your risk and vulnerability assessment, develop an emergency and disaster preparedness plan that addresses those emergencies and disasters that pose a realistic risk to your business. The following resources offer a starting point for creating preparedness checklists:

- Hurricanes [checklist](#) and [toolkit](#)
- Flooding [checklist](#)
- Winter weather [checklist](#)
- Tornadoes [checklist](#) and [toolkit](#)
- Power Outages [toolkit](#)
- Create a disaster recovery kit to protect important records and emergency items. These will be important to reconstruct vital information and establish operations following an event. The SBA provides a [checklist](#) that includes information and supplies for restoration and recovery

Need to create an emergency and disaster plan?

- Use this template from Ready.gov to create an emergency response plan. Or this emergency procedures template from the SBDC.
- This checklist and supply list provides a plan for responding to operational disruptions caused by severe weather.

Make sure you identify important business documents. Make a backup electronic copy that you can access from anywhere. Include the following documents:

- Business continuity plan
- Insurance policies
- Tax records
- Bank account information
- Lease(s)
- Licenses/permits

CONTINUITY OF OPERATIONS PLANNING

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have a continuity of operations or recovery plan?	No	Yes
	Does your continuity of operations or recovery plan address the following?		
<input type="checkbox"/>	Essential personnel	No	Yes
<input type="checkbox"/>	Essential services	No	Yes
<input type="checkbox"/>	Essential equipment	No	Yes
<input type="checkbox"/>	IT and technology	No	Yes
<input type="checkbox"/>	Alternate reporting locations	No	Yes
<input type="checkbox"/>	Reopening	No	Yes
<input type="checkbox"/>	Access to critical records	No	Yes
<input type="checkbox"/>	Are your employees familiar with this continuity of operations or recovery plan?	No	Yes
<input type="checkbox"/>	Do you have at least 3 months of emergency operating funds?	No	Yes
<input type="checkbox"/>	Do you have insurance that adequately covers losses (such as from flood, wind, theft, liability, fire, catastrophic loss, and loss of income)?	No	Yes
<input type="checkbox"/>	Do you have a plan/strategy for re-entry to your physical location following disasters or extreme weather events?	No	Yes
<input type="checkbox"/>	Have you coordinated your re-entry or re-opening plan with local officials?	No	Yes
<input type="checkbox"/>	Do you have agreements in place with service providers that you can execute during and after a disaster (such as for debris or snow removal, generator fuel, etc.)?	No	Yes
<input type="checkbox"/>	Have you received any training on business continuity?	No	Yes

Continuity and recovery planning plays an important role in ensuring your business can still operate during and after an extreme event, disaster, or other serious disruption. Business disruption costs money – lost revenues and extra expenses mean reduced profits. Having a plan and being able to put it into immediate action can mean the difference between staying open and shutting down for a few days (or even weeks and months). Up to 40% of businesses affected by disasters never re-open (Source: Insurance Information Institute).

For simple continuity of operations planning, the following checklists can be helpful:

- The [emergency planning process checklist](#) from Ready New York.
- The [OFB-EZ Stay Open for Business program checklist](#) by the Insurance Institute for Business and Home Safety.

Four steps to develop a business continuity plan ([more details from Ready.gov](#)):

- Conduct a business impact analysis to identify time-sensitive, critical business functions and processes, and the resources that support them ([more details](#))
 - 0 Identify your critical business functions using worksheets from the [SBA](#) or [Insurance Institute for Business and Home Safety](#).
 - 0 Complete a [Business Impact Analysis worksheet](#) here.
- Identify and document resource requirements, determine gaps between recovery requirements and existing capabilities, select appropriate recovery strategies, and implement these strategies. Strategies may involve contracting with third parties, entering into partnership or reciprocal agreements, or displacing other business activities (complete this [worksheet](#) to understand what and how much resources will need to be replaced during a disaster).
- Compile a business continuity plan to manage a business disruption. Consider using the [business continuity plan template](#) from Ready.gov.
- Share of the continuity plan with staff and educate them of their roles in recovery. Make sure employees are aware of the plan.

Include IT disaster recovery in your business continuity planning (for more resources, go to [Ready.gov](#)).

- Even small businesses rely extensively on information technology (IT) to quickly and effectively process information, communicate, and support business operations. For example, employees use e-mail and telephone systems to communicate. Desktop computers, laptops and wireless devices are used to create, process, manage and communicate information. Plan what you would do when the IT is interrupted or stops working.
- Identify critical data essential to the survival and continued operation of your business.
 - 0 Determine the possible impact of data loss or corruption from events such as hardware failure, human error, hacking, or malware. Identify data on network servers, desktop computers, laptop computers and wireless devices that need to be backed up (on a regular schedule) along with other hard copy records and information.
 - 0 Backing up hard copy vital records can be accomplished by scanning paper records into digital formats and include them when backing up digital data.
 - 0 Data should be backed up as frequently as necessary to ensure that, if data is lost, it is not unacceptable to the business.

- 0 Large capacity USB drives or external hard drives with integrated data backup software can be used to backup data.
- 0 Include in the plan the frequency of backups, security of the backups, and secure off-site storage.
- 0 Many vendors offer online data backup services including storage in the “cloud.” This is a cost-effective solution for businesses with a reliable internet connection.
- Identify critical software applications and data and the hardware required to run them.
- 0 Ensure that copies of program software are available to enable re-installation on replacement equipment.

COMMUNICATIONS

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Does your business have a process or plan for communicating with employees about emergencies and disasters?	No	Yes
	Does your employee communications process or plan include any of the following?		
<input type="checkbox"/>	Email lists	No	Yes
<input type="checkbox"/>	Employee telephone directory	No	Yes
<input type="checkbox"/>	Text message/text message system	No	Yes
<input type="checkbox"/>	Do you have emergency contact information for your employees?	No	Yes
<input type="checkbox"/>	Does your business have a process or plan for communicating with customers about emergencies and disasters?	No	Yes
	Does your customer communications process or plan include any of the following?		
<input type="checkbox"/>	Email lists	No	Yes
<input type="checkbox"/>	Company website or other online business listings	No	Yes
<input type="checkbox"/>	Social media	No	Yes

Your employees, customers/clients, and vendors are among your business’ most valuable assets. Two-way communication is central before, during, and after a disaster. It is important to set up communications plans in advance of a severe weather event, emergency, or disaster, and to have back-up communications in place.

Need to get started?

- The SBA provides a [sample Emergency Communications checklist](#) for communicating in the aftermath of an event.
- The SBA provides a [sample Crisis Communications checklist](#) for communicating during an emergency.

Communication with Employees.

Make sure you communicate preparedness, response and recovery information.

- To communicate during an emergency, have a list of all employee contact information and consider setting up a telephone calling tree (a list of who calls whom), an email alert, or a call-in voice recording to disseminate messages to employees.
- Designate an out-of-town phone number where employees can leave an “I’m okay” message in a catastrophic disaster.
- If you have employees with disabilities or special needs, ask them what assistance, if any, they require.
- Communicate regularly with employees before, during and after an incident.

Communication with Clients or Customers.

Make sure you communicate preparedness, response and recovery information to customers, as appropriate. Have a plan for how you will use physical signage, paper communication, e-mails, website or online business listings, text messages, and/or other communication tools to communicate in advance of an anticipated event.

Have an Emergency and Crisis Communication Plan

Plan for how you will communicate with employees, local authorities, customers and others during and after a disaster or extreme event.

- Be prepared to provide employees with information on when, if and how to report to work following an emergency.
- It may also be important to update your customers, clients, and/or the general public. Communicate with your customers about whether and when products will be received or services rendered. Make information available via your business website, social media, recorded phone messages, and other tools.
- Share with government officials what your company is prepared to do to help in recovery efforts. Also communicate with local, state, and federal authorities what emergency assistance is needed for you to continue essential business activity.

Have a contact list of critical vendors and external resources

- The list should include all vendors and external resources that your organization relies on for day-to-day operations as well as during emergencies.
- Consider including the following information: Name of external organization, point of contact, e-mail address, office phone number, cellphone number, and customer service phone number.
- Make sure you include contact information for your building/facility (building owner, manager, maintenance), insurance companies (including agent/broker name, policy type, and policy number).

HUMAN RESOURCES AND STAFFING

Need to address...		Self-assessment (circle your answer)	
<input type="checkbox"/>	Do you have enough staff for normal operations under regular working conditions?	No	Yes
<input type="checkbox"/>	Does your business struggle to hire employees?	No	Yes
<input type="checkbox"/>	Does your business struggle to ensure employees have the right skills for their jobs?	No	Yes
<input type="checkbox"/>	Does your business struggle to retain employees?	No	Yes
<input type="checkbox"/>	Does your business have a strategic hiring process?	No	Yes
<input type="checkbox"/>	Do you have access to an adequately trained workforce?	No	Yes
<input type="checkbox"/>	Do your employees have reliable transportation to and from work?	No	Yes

Your employees among your most important assets, but hiring and keeping the right group of employees can be challenging for small businesses. The cost of hiring, training, and retaining employees can add up. For example, the entire interview process takes an average of 24 days, and the average cost of a bad hire equals 30% of that employee's first year potential earnings. Small- and mid-sized companies spend \$1,888 on training and development, on average, per employee. The average cost of employee turnover is 33% of the worker's annual salary. Regardless of your size, developing your team requires being strategic in how you recruit, select, on-board, train, and retain employees. A well-planned hiring process ensures you have the right employee who fits your business. The better the hiring process, the greater the likelihood that your employees will stay with your business.

Strategic Hiring

Each time you seek a new hire, it's a big investment. You want to hire someone who is the best fit without the risk of losing a new person within a couple of months because the screening process was flawed. Hiring is not a particularly thrilling process; it's a lot like dating - You have to kiss a lot of frog candidates before you find your new hire prince or princess.

A strategic and well-planned hiring process ensures you have the right employee who fits your business. The better the hiring process goes, the greater the likelihood that your employees will stay with your business. Your hiring process should include: detailed application, background checks, past employer reference checks, drug testing (if necessary), and interview.

Here are some tips on how to hire the right person for your small business (Read more in this blog post on [How to Hire the Right Person\(s\) for Your Small Business](#))

- Have good job descriptions
 - 0 Every job should have a specific job description that clearly outlines the tasks necessary for the position. A written job description will eliminate confusion while ensuring that each member of your team is qualified for the position they hold.
 - 0 This job description will be an important starting point for creating a job ad when you need to fill the position.
 - 0 The written job description should include both the skills and training needed by the employee.
- Write a compelling job description and attention-grabbing job ad
 - 0 Create a compelling job description. Start by brainstorming what makes the job and your business different. Consider the employees you already have and how another person will ideally mesh with them.
 - 0 Use this job description to create the job ad. Then make the ad attention-grabbing and interesting. This will help your ad stand out and attract qualified candidates who are in better alignment with your values, and will save you time by heading off the people who aren't the right fit. (Here are some [tips for crafting highly effective job ads](#)).
- Post your job ad in the right places to get it in front of the right candidates
 - 0 One good way to find competent applicants for the job is through online sites such as Craigslist, Facebook. They are inexpensive and may provide access to a larger pool of potential employees.
 - 0 You may also consider websites such as Indeed, LinkedIn, Glassdoor, Monster, and CareerBuilder, which have big applicant pools and a better system put in place for finding the best candidate for the job.
 - 0 Share the job ad on every social media outlet where you have a presence.
 - 0 Heavily recruit amongst your immediate social and professional networks. There's a good chance your peers will be able to refer you to a good match.
 - 0 Share the job opening with community colleges and universities in your area.
- Interview candidates strategically to avoid hiring mistakes
 - 0 Before interviewing applicants, have a set of questions in mind. These questions must be applicable to all and related to the job at hand. Use these questions to guide you during your interviews so you don't get distracted.
 - 0 Know exactly what you want from your future employees and be prepared to explain it. Interviews are

a two-way street and your applicant will ask questions to gain clarification about the job.

- 0 Be honest without being harsh. You can be direct with your applicants without sounding too harsh. If their answer to one of your questions worries you, tell them about your concerns and ask them to elaborate. Interviews are structured to prevent distractions and straying from the topic, but if an applicant has a unique point of view on certain matters, it is something worth listening to.
- Onboarding
 - 0 Now that you have a new hire, it's time to properly onboard them. Efficient onboarding results in increased productivity, company loyalty, and job satisfaction.
 - 0 During orientation, new hires should be informed about the rules and regulations, from dress codes to facility rules to attendance policies. Consider giving employees a written handbook of all rules, regulations, benefits, and more if there is a lot to cover.
 - 0 Employee documents: As much as we hate paperwork, all documentation for your new employee must be filed and completed.
 - 0 Define a training or learning period where new employees can learn the ropes and when they're allowed to be slower and make mistakes. Employees who get the full brunt of their work duties from

day one tend to experience more stress compared to employees who undergo a training period. If possible, assign either yourself or a senior employee as a guide to new hire.

- 0 Create short-term goals and milestones for your new employees. This means setting a standard on their work performance as time goes by. For example, during training, you may excuse blatant mistakes and low output, but three months from now, you may shoot for a greater amount of work to be done. Discuss these goals with your new employee.

Training

Even the best employees aren't as likely to succeed if they don't have proper training. Employee training is an effective way to teach new employees and develop existing workers.

- An employee development plan will make your business more resilient and move your business closer to its long term goals.
- In-house training might include learning company policies, understanding standard operation procedures, becoming familiar with disaster preparedness activities, etc.
- External training may be available to help your employees and businesses maintain efficiency, stay on top of trends, etc.
- By providing increased opportunities for employee training, you will not only contribute to the success of your organization but also the personal development of each team member.

Retaining Employees

Attracting quality employees is one thing. Keeping them is another. Employee retention involves keeping employees satisfied, which can be through pay, incentives, and employee morale. The same approaches to retain employees also make your business attractive to new employees. Small businesses can be creative in using incentives to boost employee morale and keep them invested in being part of your team such as through flexible work hours, seasonal work opportunities, work from home options, non-traditional compensation such as housing or transportation stipends, etc.

INSURANCE AND PROTECTION

Need to address...		Self-assessment (circle your answer)	
	Does your business have any of the following insurance?		
<input type="checkbox"/>	Flood	No	Yes
<input type="checkbox"/>	Wind	No	Yes
<input type="checkbox"/>	Fire	No	Yes
<input type="checkbox"/>	Catastrophic loss	No	Yes
<input type="checkbox"/>	Loss of income or business interruption	No	Yes
<input type="checkbox"/>	Equipment breakdown	No	Yes
<input type="checkbox"/>	Cybersecurity	No	Yes
<input type="checkbox"/>	General liability	No	Yes
<input type="checkbox"/>	Umbrella liability	No	Yes
<input type="checkbox"/>	Product liability	No	Yes
<input type="checkbox"/>	Professional liability	No	Yes
<input type="checkbox"/>	Do you know what is covered by your insurance?	No	Yes
<input type="checkbox"/>	Do you know where or how to obtain information about government recovery assistance programs?	No	Yes
<input type="checkbox"/>	Have you undertaken actions to physically protect your facility, employees, and other assets?	No	Yes
<input type="checkbox"/>	Have you put in place cybersecurity measures to protect your data and digital assets?	No	Yes

Insurance is an important resource for getting your business up and running again following a disaster or extreme event. Therefore, it is important that you have adequate insurance coverage. Inadequate insurance coverage can lead to major financial loss if your business is damaged, destroyed or simply interrupted for a period of time. However, there are many other resources available to help you recover. Identifying these resources in advance of a disaster or extreme event will facilitate recovery.

What type of insurance should you consider?

Insurance coverage is available for every conceivable risk your business might face. Talk to your insurance agent about different insurance options. Cost and amount of coverage of policies vary among insurers. You should discuss your specific business risks and the types of insurance available with your insurance agent or broker.

- Your insurance agency can advise you on the exact types of insurance you should consider purchasing.
- Basic overview of business insurance from the [SBA](#) and the [Insurance Information Institute](#).

Assess your insurance coverage

Assess your insurance coverage on an annual basis.

- Insurance policies vary – check with your agent or provider about things such as physical losses, flood coverage and business interruption
- Understand what your policy covers and what it does not. Ask about any deductibles, if applicable.
- Consider how insurance can help you pay creditors and employees following damage or business interruption. You should also plan how you will provide for your own income.
- Find out what records your insurance provider will want to see after an emergency and store them in a safe place.
- Use this [Insurance Discussion Form](#) from Ready.gov to discuss your insurance coverage with your agent.

Maintain up-to-date insurance information

Maintain up-to-date insurance information by keeping a list of all insurance policies and contact information for your insurance broker or insurance company. Make backup copies of your insurance policies and keep them in a safe and accessible place.

Dealing with your insurance after a disaster or extreme event

Your insurance policy is a contract between you and your insurance carrier. As the insured, you have certain duties and responsibilities in the event of a loss. When dealing with your insurance carrier in the event that your business suffers damages and/or losses:

- Notify your broker or insurance company that a loss has occurred, first by telephone and then follow-up in writing.
- Make emergency and temporary repairs to mitigate further damage.
- Prevent liability by blocking building entry of unauthorized individuals.
- Review the insurance policy to verify the scope of the amount of coverage.
- Establish a “disaster loss amount” to track all loss-related expenses.
- Document your activity in a log and maintain accurate records.
- Collect all books, records, and other data (photographs, etc.) pertaining to the damaged property.
- Contact the insurance company’s representatives to arrange for a joint inspection of damages. When you first

meet with the insurance representative try to reach an agreement of the scope of the damage and loss and on a rough timetable of events to drive the adjustment process.

- Document, in writing, all agreements with the insurance adjuster.
- Request and advance payment on the loss from the insurance company, first verbally and then follow-up in writing.
- Evaluate the building, contents and business interruption/ extra expense claims.
- Quantify the building damage by preparing a diagram of the building, indicating all damaged areas.
- Prepare a detailed estimate of the damage to business personal property pricing according to recent invoices, catalogs or knowledge of the products. To speed up the process, invite the adjuster to work with you to develop the damage estimates. It may eliminate controversy in the final stages of the adjustment.
- For the business interruption and extra expense claims, gather information from books, records, forecasts and market analysis, and then determine the period of indemnity.

Physically protect your small business

Your business may house inventory and supplies, expensive technology, irreplaceable documents, and sometimes large amounts of cash. Keep them safe with these simple security measures.

- Purchase a fireproof safe to hold cash and important documents. Make sure that only a few people know the combination (or have

access to the key). Change the combination on a regular basis.

- Invest in security cameras, monitoring, and alarms.
 - 0 Consider wireless security systems (such as Frontpoint, ADT, SimpliSafe). These can be inexpensive, easy to install, and versatile because you can select only the components (receiver, motion sensors, cameras, door alarms, smart locks, etc.) you need for your space. Most wireless security systems also sync with your smartphone, so you can receive real-time alerts no matter where you are. Security systems add an additional line of defense against burglary, vandalism and unwanted intruders and allow you to keep an eye on your facility when you're not there.
 - 0 Security cameras allow you to capture the proof you need to prosecute if anything goes missing or is damaged in your office, or if an employee has been a victim of harassment. Simply having cameras hung around the office may deter burglars; so if you only have a limited budget for office security consider installing a fake camera in a conspicuous location to scare potential intruders away.
- Invest in a fire alarm and sprinkler system
 - 0 A fire alarm can signal when a fire occurs giving everyone in the facility time to get out.
 - 0 A fire alarm can be integrated into some security systems.

- 0 To protect your physical assets, consider investing in a sprinkler system to douse the fire preemptively.

Cybersecurity

Information technology and high-speed Internet are great enablers of small business success, but with the benefits comes the need to guard against growing cyber threats. Theft of digital information has become the most commonly reported fraud, surpassing physical theft. As larger companies take steps to secure their systems, less secure small businesses are easier targets for cyber criminals. [43% of cybersecurity attacks are aimed at small businesses, and the number is expected to increase.](#)

To prevent the possibility of a data breach and keep your digital assets safe, here are a few simple strategies and actions (For more, see these [10 cybersecurity security tips](#) from the FCC)

- Invest in cybersecurity tools such as password managers, antivirus software, malware software, and attack monitoring tools.
- Choose strong, unique passwords. Make sure your passwords are strong, with a long string of characters, including lowercase letters, uppercase letters, numbers, and special symbols. Never use the same password more than once; every account should have a different password.
- Secure your networks with a strong password. Consider using a virtual private network (VPN) to encrypt and secure all your remote connections.
- Keep software up-to-date utilizing automatic updates whenever you can.
- Use multifactor authentication. When you enable multifactor authentication, you need additional information other than your username and password to log in. This could be a code you receive via text message or an image you specify that must be identified each time you log in.
- Train your employees so they are familiar with cybersecurity best practices and take them seriously. One of the most important steps you can take for your organization's cybersecurity is training your employees and keeping them up-to-date on the latest best practices. Consider these [free resources and training](#) developed by the Michigan SBDC as a starting point.

Additional resources:

- The [Small Business Guide to Cybersecurity](#) will help you understand the cybersecurity risks facing small businesses, the most common cyberthreats, how to secure your business, and how to respond to a data breach.
- This web-based [Cybersecurity Toolkit for Small Business](#) is designed to be completed in six steps. Also offers an online learning portal for training courses and resources.
- [Resources](#) from the SBA to stay safe from cybersecurity threats.
- This [Cyber Essentials Starter Kit](#) is a 17-page guide for small business leaders to start implementing organizational cybersecurity practices.



ADDITIONAL RESOURCES

Web Resources

- [Ready Business](#) (an extension of Ready.gov) focuses on business preparedness and provides resources to help owners and managers of small- to medium-sized businesses prepare their employees, operations, and assets in the event of an emergency.
- SCORE's [Small Business Resilience Hub](#) offers training and resources and can connect you to a mentor.
- [SCORE for Women Entrepreneurs](#) offers training, resources, and mentors to meet the needs of women business owners. .
- [Virginia Small Business Development Center](#) (SBDC) offer no cost individualized consulting for small businesses.
- [Business Resilience Self-assessment for Tourism-related Businesses](#) in Coastal Virginia. Institute for Business and Home Safety offers [resources](#) to help business owners protect their property from damage caused by natural disasters.

Other Checklists and Tools

- Quick list of [what you can do to get started with disaster protection and business continuity planning](#). Actions are organized into three categories: No cost, under \$500, and more than \$500.
- [Resilience in a Box](#) and [Business Resilience 101 Workbook](#) by the U.S. Chamber of Commerce Foundation.
- Use this [Small Business Resiliency Guide](#) and accompanying [business resiliency plan template](#) from the SBDC.
- Ready New York For Business – [Emergency Planning Process Checklist](#).
- [AgBiz Logic](#) offers a user-friendly web-based economic, financial, and environmental decision tools designed for businesses that grow, harvest, package, add value, and sell agricultural products.
- The [Disaster Assistance Recovery Tool](#) from the USDA helps you learn about USDA disaster assistance programs that might be right for your business.

Supplemental Reading

- [13 Critical Steps to Building a Business Resilience Plan](#)
- [25 Free Small Business Tools to Help Grow Your Small Business](#)



APPENDIX A

GUIDE TO BUSINESS PLANNING FOR DIGITAL MARKETING AND ONLINE SELLING

In the post-COVID world, most small businesses will have to balance in-person sales and services with those that are online, which is not easy to do. Many small businesses started as a way to serve their local communities, but to grow and be sustainable these businesses may also need to grow their online presence. Many small businesses in coastal Virginia and beyond have either added an online sales component or transitioned fully to online sales. It's important to realize that the move to online is a way to help your customers who want to support you and buy from you, and also to reach out to a wider audience of customers.

BUILD YOUR ONLINE PRESENCE AND DIGITAL MARKETING

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Even if you are not interested in selling online, you should establish an online presence and do some digital marketing. This is a crucial step for businesses that plan to sell online/pursue ecommerce.

- There are several free local business directories you can use to build your online presence (more information on [how to boost your online presence using these free local business directories](#)):
 - 0 [Google My Business](#) listing allows you to connect with potential customers across Google Search and Google Maps, and helps improve your local SEO (search engine optimization or how high up your business shows up in web searches). You can customize your business profile by adding your business hours, location, services, photos, and any promotions you are offering.
 - 0 [Yelp for Business](#) listing can help you get in front of more potential customers as Yelp users tend to be customers who are motivated to buy. Yelp reports that 97% of users made a purchase at a business within a week of finding the business on Yelp.
 - 0 [Angi](#) (formerly Angie's List) is a tool for home contracting businesses to help get word out about your business, showcase your work, and manage your online reputation.
 - 0 [Facebook Business](#) page offers a way to share information about your business, encourage customers to leave reviews, and drive customers to your business' website. Once you have a Facebook Business page, your business can start showing up in relevant searches. You can also get listed on [Facebook Places](#) which helps Facebook users discover businesses in their local area. You can get featured on Facebook Places even if you don't have a Facebook Business page, but it works best when you use the two features in tandem. More [resources](#) from Facebook.

- [Foursquare for business](#) is an established business directory that millions of people visit to discover new local businesses. Claiming your listing here is another great way to connect with new potential customers. Claiming your listing is easy and gives you the ability to target local customers. Plus, you can highlight any special offers or discounts you have going on. Foursquare users can also share feedback and photos from their visits to your business, which is a great way to encourage customer engagement.
- Make sure your business profile with the different listings is complete and stands out to potential customers. Include your business hours, highlight the products or services your business offers, and specify what differentiates you from your competitors.

EXPAND TO E-COMMERCE AND ONLINE SALES

E-commerce refers to businesses, companies, and individuals selling goods or services online. Today, many products are sold and purchased via e-commerce platforms. These e-commerce platforms have tools that allow you to manage your business operations, sales and marketing by providing website hosting, secure transactions, and integration with other business tools (Quick overview of [how e-commerce works](#)).

- There are three popular options for selling online:
 - 0 An online marketplace
 - 0 Your own e-commerce site
 - 0 On social media

(Additional resources: [The complete guide to selling online](#) and [How to sell stuff online: The 7 best places to start your online store](#)).

Use an Online Marketplace

An easy way to start selling online is by listing products on online marketplaces like Etsy, Amazon, eBay, Google Shopping, and Walmart. These online marketplaces offer the benefit of access to existing customers who are already in the market for whatever it is you're selling. You create an account and profile for the business, list your products including providing descriptions, prices, images, and other information, and your products are available in an online store that already has customers. The online marketplace platform does the marketing work for you. Each marketplace comes with its own set of seller fees, commissions and requirements, so you should weigh your options carefully.

PROS:	CONS:
<ul style="list-style-type: none"> • Simple and easy to use. • Immediate access to potential customers. • You just focus on your products and getting it out the door. The marketplace takes care of everything else. • With some marketplaces you can create your own store within the marketplace. 	<ul style="list-style-type: none"> • High competition from other merchants with similar products. • It may be difficult to differentiate your business from others.

Start an Amazon Store

It's hard to rival Amazon in terms of ease and access to customers. The competition for customers on Amazon can be fierce, so make sure you find ways to make your business stand out as much as possible.

- Take advantage of Amazon's [Stores feature](#) that allows you to create your own online store within Amazon.com. You can customize the look of your store, including adding pages and media such as text, images and videos. You can also get your own Amazon.com web address to use in marketing campaigns.
- Resources on opening an Amazon Store:
 - 0 [How to open an Amazon Store: Advice from people who have done it](#)
 - 0 [How to build an Amazon Store: A step-by-step guide](#)

Create Your Own E-Commerce Site

If you create your own online store or e-commerce site, you'll want to use an e-commerce software or platform that can track your inventory and can facilitate transactions. The e-commerce platform, for example, provides website hosting, integrate with your sales tools, track what you have available, process financial transactions, ensure security, and more. You have the choice of self-hosting your own e-commerce platform, or using a hosted or cloud-based e-commerce platform.

Self-Hosted:

Example: Magento and WooCommerce for WordPress

You are responsible for finding hosting and managing software updates. This is more costly and time-consuming, but it could be the right choice for established businesses that need more customizations. You perform all of the design and upkeep yourself, and the company gives you the storage capacity (you pay for a set limit of resources and storage space).

PROS:

- Allows customization for your business
- Greater control over content and layout
- You can host on your own server

Hosted/Cloud-Based

Example: Shopify, Shift4Ship, and BigCommerce

Cloud-based platforms are typically easy to set up and they manage the installations for you. These platforms are good for beginners who want a simple way to set up a website and online store. Hosted e-commerce sites are all-inclusive platforms. They're easy to get up and running, and maintenance is taken care of for you. In most cases, all you'll have to do is decide on a layout and populate your site with content.

PROS:

- You have a dedicated, centralized support team
- Simple and quick to set up

SELF-HOSTED (CONT'D)	HOSTED/CLOUD-BASED (CONT'D)
<p><u>CONS:</u></p> <ul style="list-style-type: none"> • Can be time consuming • Requires some basic technological competencies • You are responsible for every facet of building and managing the site • No centralized support system • There's a danger of outgrowing your plan. 	<p><u>CONS:</u></p> <ul style="list-style-type: none"> • Can be more expensive than self-hosted solutions • Your customization potential is limited to what your platform offers

- Need assistance with selecting an e-commerce platform?
 - 0 More information: [Self-Hosted vs Hosted eCommerce Stores: What's Better for Your Business?](#)
 - 0 Here's a [comparison of eCommerce platforms](#)
 - 0 Information on [how to choose the best e-commerce platform](#)
- Strategies and tips for setting up your online store
 - 0 Consider your customers. Who are you trying to attract with your e-commerce page? The answer to that question will inform the design and setup of your site. Pick colors and designs that match the products you offer and don't be afraid to use a pre-built template. Include well-written product descriptions and high-resolution product photos.
 - 0 Provide contact information where customers can easily find it. Include an email address, phone number and online form that customers can fill out, and links to your social media channels and product reviews.
 - 0 Point of purchase: Make sure that every product listed on your site has a functional purchase button. And make sure that all of the purchase and shipping options listed are consistent across the appropriate products. Implementing third-party payment options will make payments more accessible.
 - 0 Do regular site maintenance: Keeping your site updated and running smoothly is crucial to the continued success of your e-commerce site. Outdated information or technical issues could turn away potential customers.

Sell on Social Media

Social media is a great tool for promoting a specific product, building brand recognition, or reaching new customers, but these might not translate into online sales. Most social media users are in the browsing phase, rather than the purchasing phase, of shopping. Social media can play an important role in promoting products and businesses, but it is generally more challenging for small businesses to sell products and services through social media.

- Social media sites like Facebook, Instagram, and Pinterest, allow you to sell products via your social media account. However, all require you to have an e-commerce platform that you connect to your social media account. For example, you can link products in your e-Commerce store to Facebook and sell those products directly in Facebook. Or, you can use Instagram shoppable posts to advertise and sell. A well-shot photo or video of your product in an Instagram shoppable post can capture users' attention and users can be redirected to a page to buy the product. Again, you will need to connect your Instagram account to an e-commerce platform.
- More resources on selling on social media:
 - 0 [Selling on Social Media: The Ultimate Guide to Profits](#)
 - 0 [3 Things You Need to Know About Selling on Instagram](#)
 - 0 [How to Sell on Instagram Using Shoppable Posts](#)

<u>PROS:</u>	<u>CONS:</u>
<ul style="list-style-type: none"> • Access to a vast social media audience • Can easily promote products and the business 	<ul style="list-style-type: none"> • Social media interactions are often in the browsing phase that does not directly lead to purchases. • Requires an e-commerce platform

ENGAGING WITH CUSTOMERS

- Many of the same rules of in-person sales apply to online sales. You still need to work hard to attract customers and convince them to follow through on their purchase.
 - 0 Engage regularly and consistently to build trust. Dedicate time each day to check your social media feeds, respond to direct messages and engage in the comments.
 - 0 Be authentic and human. Don't rely on canned or automated responses.
 - 0 Mix up your content. Don't just respond to comments. Use contests, quizzes, polls to get

audience's opinion. Promote discounts, loyalty points, memberships, giveaways, etc.

- 0 Connect your social media to your digital listing and/or online store

(More on [how to engage customers online to grow sales](#)).

- Positive online reviews can also help boost your online visibility, so make sure you encourage your customers to leave you a review.
 - 0 [How to encourage customers to leave good online reviews.](#)
 - 0 [How to make the most of review sites like Angie's List and Yelp](#)



APPENDIX B

GUIDE TO EXIT PLANNING

For most businesses, the “exit” phase may seem very far off, and while you’re busy enjoying running the business, you may not particularly want to exit. However, it’s important that you develop and plan an exit strategy.

- It helps others prepare. For example, your managers and employees want to know about the future of the business, so they can feel secure in their jobs and understand their roles. Your investors and lenders want to know how you will pay them back if you exit the business.
- It gives you a way out. You may need to leave the business for a number of reasons (e.g., retirement, burnout, or a medical emergency that leaves you unable to run the business). No matter what you’re facing, an exit strategy will give you a planned path out.
- It allows you to better plan your business. When you have an exit strategy, you’ll be better able to direct the business. You’ll have more time to prepare for the end.

STEP 1

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The very first step in exit planning involves preparing an accurate account of your finances both personally and professionally. Looking at how much you owe investors or lenders is important, and how they can best be paid back. Undertake valuation of your business ([Quick introduction to business valuation](#)).

STEP 2

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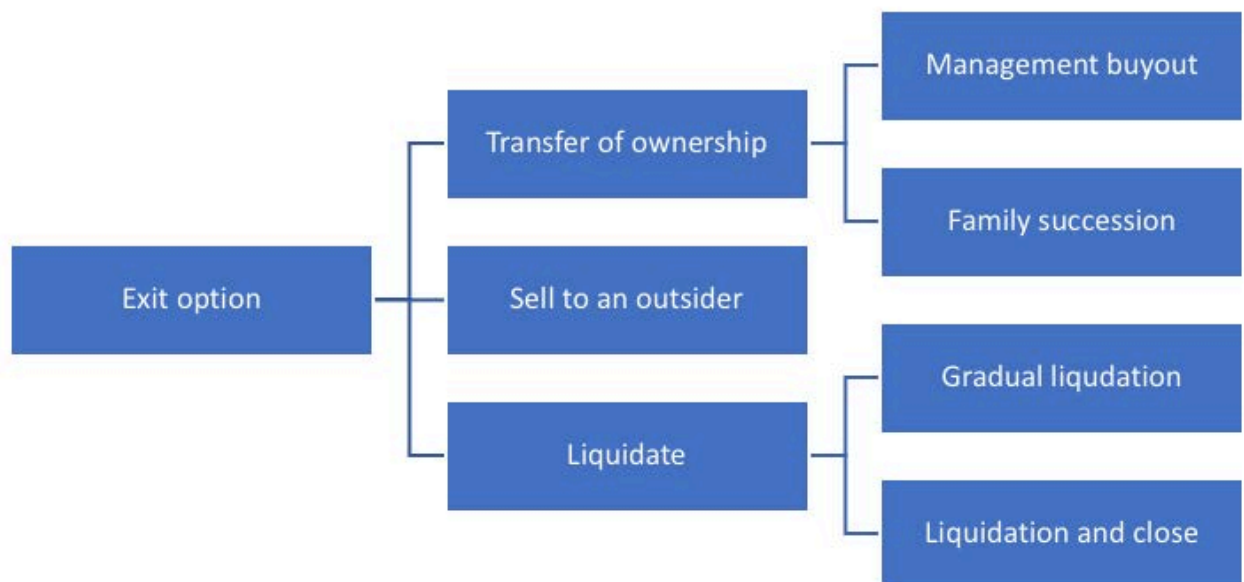
Planning an exit strategy involves deciding whether you plan to transfer your business (to family, employees, friends), sell the business, or close your business completely (liquidate your assets). There are pros and cons to all three options, but it is important to be certain about your decision before proceeding. For most businesses, the most realistic and common options are management buyouts, family succession, selling the business to outsiders, or liquidating and closing the business.

In deciding your exit options, consider the following:

- What are your priorities? What do you want to achieve? Would you rather keep things simple, even if it means losing some money, or are you willing to go a complex route to maximize profitability? Are you concerned with protecting your employees and managers?

- What are your financial goals
- What is your business currently like? What is your business structure? Is it big or small? Flush with cash or in debt? Simple or complicated?
- How much time do you have? When do you plan to retire?
- How long do you want to stay involved in the business?
- Do you have investors or creditors to pay off before exiting?
- Do you have entrepreneurial family members or friends, or competitors that may be interested in the business?
- Are you willing to list your business for sale?

There are different options to choose from, each with their own strengths and weaknesses. There isn't a single "right" exit strategy, so consider your options carefully, keeping in mind the answers to the questions just posed. You should also talk with your employees, partners, investors, and advisors to find the option that will serve you best. The best exit strategy for your business is the one that best fits your goals, expectations, and business. If you want your legacy to continue after you leave, selling it to an employee, customer or family member may be the best option. Alternatively, if your goal is to exit quickly while receiving the best purchase price, targeting an acquisition by a competitor or another business or liquidating the company might instead be optimal routes to consider.



Transfer of Ownership (Management Buyout or Family Succession)

Transferring ownership of the business such as to employees via management buyout or through family succession to a family member offers a way to transition out of the day-to-day operations of your business.

Management Buyout

If you built a business that you want to continue, you can consider turning to your co-owners or employees. They have a good idea of how things are run already, but they will have intimate knowledge regarding company culture, corporate goals, and a pre-existing determination to make it work. This form of exit strategy is a good idea if you want to keep your legacy alive.

Family succession

If your family members are quite knowledgeable about your business, then they may be the best people to pass it to. If you would like to pass on your business to your children or any other family member, you should make sure that they have the prerequisite skills, are competent and have the success and future of the business at heart. This will make it a lot easier to retire.

PROS:

- The new owner will already share your passion for the business and continue your legacy.
- You get to see your business continue to thrive in the hands of people you trust.
- You may also be able to continue serving an advisory role.
- The transition for your employees and customers will be a smooth one, since the new owner likely already has a stake in the business.
- You can undertake significant advanced planning to ensure successful exit.

CONS:

- Selling to a co-owner, employee or family member can be problematic in terms of money and tensions that may leak into the workplace.
- Family members inheriting the business may not understand or have interest in the business.
- If you are selling to someone you know, you may be tempted to sell the business for less and lose money.
- You may jeopardize personal relationships over your business (e.g., passing the business to a relative may cause familial tension).

Management and family succession planning allows you to plan ahead for your exit by working with the potential new owners and take actions to prepare them and the business for the transfer of ownership. The more time you have to prepare all parties impacted, the smoother the transition. Use the 'Succession Planning Worksheet' (Appendix C) to help you work through key planning aspects for a management buyout or family succession.

Also consider the following advice:

- Start as early as possible.

- Set up your business so that it can run without you. Create processes that ensure you aren't the only one with important information for running the business (e.g., accounts, passwords, supplier information, etc.). Identify staff who can assume your duties should you be unavailable for any length of time.
- Determine a time frame for exit.
- Open a dialogue with potential successors/owners - start talking about succession planning with employees and family members and emphasize how important it is to the future of your business. Making your own succession plan and then announcing it is the surest way to sow family discord or tension among employees. Discussing the plan helps to identify who might want to be involved directly and who is focused elsewhere. It also might help some family members find interest in the business they didn't know they had.
- Dedicate focused resources and time to the selection, training and development of the successor. How can you expect your successors to take over and run your business successfully if you haven't spent any time training them? Your succession planning will have a much better chance of success if you work with your successors for at least a year or two before you hand over the reins. Read more: [Developing the next generation of leaders in your family business](#).
- Treat management and ownership as separate entities and allocate according to what's best for the business, rather than what is perceived fair and equitable among family members and employees. In recognizing that management and ownership are not the same, you may decide, for instance, to transfer management of your business to a key employee or one of your children, but transfer equal shares of ownership to all your children, whether they're actively involved in operating the business or not.
- Seek advice from experts and trusted advisors. Lawyers, accountants, financial advisers, and others can help you put together a successful succession plan. Accountants and lawyers who specialize in business succession planning can provide advice about strategies to minimize taxes when the transfer takes place. Transferring ownership may have legal impacts, such as estate and gift tax obligations imposed by the IRS. A transfer of property would also likely have tax implications. You may want to consult with a lawyer to see which additional rules could apply depending on your business type. There are companies that specialize in family business succession planning that will facilitate the process of working through issues.
- Read more: [25 best family business success planning strategies and tips](#).

Buy-Sell Agreement

A buy-sell agreement is a sort of prenup that spells out how the business transfers to co-owners if one of the partners/owners dies, becomes disabled, or retires. A buy-sell agreement is a legally binding contract between two or more business owners outlining how the assets and equity in a business will be divided if an owner becomes disabled or dies. ([More information about buy-sell agreements](#)).

The buy-sell agreement can include purchasing life insurance policies for each owner to provide funding to purchase the business in the event of disability or death. Business partners buy life insurance on each other and name themselves as beneficiaries. If one dies, the surviving partner can use the life insurance payout to buy the late partner's share of the business. The business pays for the monthly premiums and is always both the beneficiary and the owner of each buy-sell life insurance policy.

- Term life insurance typically payouts in the event of death.
- Permanent insurance has a cash value component that can also be used in the event of disability or retirement.

Determine the following as part of your exit plan:

- Who will purchase the policy?
- Who will be the beneficiary?
- Permanent or term policy?
- What will be the death benefit?
- For term insurance, what will be the term length?

Sell the Business to an Outsider

Alternatively, you may decide to sell your business to an outsider or another business. Selling the business is a way to potentially make more money off of the business, and if selling to a competing or complementary business, can also create a merging of businesses.

PROS:

- You may make more money when there is strong interest in your business.
- There may be less tension among employees or family members vying for ownership of the business.

CONS:

- If the business is bought by another, the merging of the two can create imbalances and your employee could be laid off in the transition.
- You might have to list your business for sale publicly.
- Provides an option if you do not have any clear family successors or successors from among employees.

After careful consideration, you may decide to sell your business. Sound planning can help ensure you cover all your bases. Use the 'Succession Plan Template' to help you work through key planning aspects for selling your business.

Also, review the following resources:

- [5 mistakes to avoid when selling your small business](#)
- [How to value a small business if you're looking to sell - or buy](#)

Liquidate the Business

It's hard to shut down the business you worked so hard to build, but it may be the best option to repay investors and lenders and still make money. If you liquidate your business, however, you lose your business concept, reputation, and your customers. Your business will not live on like in other exit strategy options.

Liquidating your business over time allows you to pay yourself until your business funds run dry, and then closing up shop. You are taking funds out of the business instead of reinvesting them back into the business

PROS:

- You will still get a paycheck to maintain your lifestyle (until assets run out or business funds run dry).

CONS:

- Stunts business's growth, which makes it less valuable if you change your mind and decide to sell.
- This may upset investors and your employees who are not benefitting from business reinvestment.

The second option is to close up shop and sell assets as quickly as possible. While this method is simple and can happen very quickly, the money you make only comes from the assets you are able to sell. These may include real estate, inventory and equipment. Additionally, if you have any creditors, the money you generate must pay them before you can pay yourself.

PROS:

- Relatively simple exit method.
- Depending on the type of assets, the closure can occur quickly.

CONS:

- Money you make only comes from the assets you are able to sell such as real estate, inventory and equipment.
- If you have creditors, these people must be paid off before you can pay yourself.

Before liquidating your business, you should make sure you're following the right procedure for selling your assets, paying back all debts, letting go of employees, and finalizing all legal and financial commitments.

Also, review the following resources:

- Read more: [7 legal and financial steps to closing your business](#)

Your exit plan should address both asset liquidation and closing the business. As part of the asset liquidation component, the plan should include the steps below:

1. Preparing an inventory and determining assets for sale

Make a list of the physical property your business owns, as well as any money owed to the business in the form of rent, security deposits, and unpaid bills (accounts receivable) you still expect to collect. Your list should include:

- business equipment, such as computers, phones, cash registers, and credit card machines
- office furniture, art, and supplies
- vehicles
- real estate
- security deposits with landlords, utilities, or taxing agencies, and
- prepaid insurance premiums you can get refunded to you.

For physical property, write down a description of each item or category of property, the condition of the property, and who technically owns it (what money was used to purchase the property—your personal funds, a partner's personal funds, or business funds). In addition to tangible property, you may be able to sell intangible property that your business owns, such as:

- contracts with suppliers at below-market rates
- works in progress that could have some value
- your customer list and your company name (essentially, the goodwill your company has built up)
- intellectual property such as copyrights, patents, and trademarks, and
- remaining accounts receivable (accounts receivables will be much less valuable after your business closes, so put early effort to collect them now. Alternatively, you can sell them to a factor or debt buyer, who will either buy your accounts receivable at a fraction of their worth or, for a fee, pay you a certain percentage of the debt up front and the rest when they collect it).

2. Securing physical property and other assets.

3. Selling property and assets, by considering the following:

- Set liquidation value of assets with a qualified appraiser
- Use different sale options: negotiated, consignment, internet, sealed bid, retail, etc.
- Hire an auctioneer, dealer, broker, or other expert to conduct the sale
- Use a non-recourse bill of sale so buyer accepts the associated risk
- You'll likely get no more than 80% of an assets value, at most. If you have items that will be hard to sell, consider donating them to charity for a tax deduction.
- Cast a wide net for buyers. Use your business contacts, including appropriate suppliers and competitors, to find buyers. Competitors may also be interested in buying your intangible assets (trademarks, copyrights, customer lists, company name, product name, etc.) and any works or jobs in progress. You might find buyers for fixtures, furniture, and equipment by listing them on websites like eBay, craigslist, or bid4assets.com. Also search for websites that specialize in auctions for your industry (some sites specialize in restaurant equipment, industrial machinery, high-tech equipment, construction equipment, etc.). If you have numerous assets with significant value, contacting a business broker or professional auctioneer or liquidator might be a good idea.

4. Keeping good records.

As you liquidate your assets, you'll want to record how you tried to sell each piece of property (save copies of ads or Web listings), who ended up buying it, and the amount you received. Keeping good records of your property and what happens to it will protect you in case a creditor later questions your liquidation of assets or in case you have to file for bankruptcy. You will also need this information for your tax returns.

Include the following steps in your exit plan under the business closing component (Read more from <https://www.sba.gov/business-guide/manage-your-business/close-or-sell-your-business>):

1. If you have partners or co-owners, formally document the decision to close the business via a written agreement signed by all co-owners.
2. File dissolution documents if needed. Failure to legally dissolve a partnership, LLC, or corporation with the state will expose you to continued taxes and filing requirements. (You can find appropriate [dissolution documents from the Virginia State Corporation Commission](#)).
3. Cancel registrations, permits, licenses, and business names. Protect your finances and reputation by canceling any of these that you no longer need, including your trade name.
4. Resolve financial obligations. Handle final returns for income tax and sales tax. Follow this [checklist from the IRS](#) and follow appropriate processes with the Virginia Department of Taxation.
5. Maintain records. You may be legally required to maintain tax and employment records, among other files. Common guidelines advise keeping records for anywhere from three to seven years.

STEP 3

Execute the exit plan.

- Speak with your investors and creditors. Approach your investors, creditors, and other stakeholders to share your intent to exit the business. Create a strategy that advises investors and creditors on how they will be repaid.
- Choose new leadership. Once you've decided to exit your business, start transferring some of your responsibilities to new leadership while you finalize your plans.
- Tell your employees. When your succession plans are in place, share the news with your employees and be prepared to answer their questions.
- Inform your customers. Finally, tell your clients and customers. If your business will continue with a new owner, introduce them to your clients. If you are closing your business for good, give your customers alternative options.

Planning Resources

There are three common business valuation methods to help you determine how much your business is worth.

- Income approach: Looks at projected revenue and accounts for potential risks. The income method looks at your business's financial history and uses your books to show buyers your business is a low-risk and profitable investment. For a buyer that will take out a small business loan to buy your business, you need to show that your business can generate enough profit to pay the loan.
 - 0 The income method looks at past profits and cash flow to project the future profits and debts of the business. Using the projections, you can determine how much your business is worth.
 - 0 For example, you project your business will earn net profits of \$100,000 in the near future (based on averaging net profits from previous years). With the income method, you might sell the business for \$100,000.
- Assets approach: Subtracts total business liabilities from the total value of all assets. The asset-based method looks at your business's assets and liabilities, and calculates the business' worth by finding the difference between assets and liabilities.
 - 0 When you use the asset-based method, you look at your business as being made up of smaller parts. Some parts add value to your company. Items that add value are assets.
 - 0 Other parts add debts to your business. Liabilities are debts your company owes to creditors. To find the value of your business, subtract liabilities from the assets.
 - 0 For example, if you have \$150,000 in assets and \$50,000 in liabilities, the value of your business is \$100,000 ($\$150,000 - \$50,000 = \$100,000$).

- 0 With the asset-based method, you can find the book value of your business. Your book value is the owner's equity on the balance sheet. The book value should be the lowest price you are willing to sell your company.
- 0 Consider using the asset-based method if you need to sell your business fast. If you are selling to pay debts, you may save time and money by offering book value.
- 0 If you are selling a healthy business, you may not want to price it at book value. A healthy business could be sold for more than the book value.
- Market approach: Compares your business to other similar businesses that have recently sold. The value of your business depends on the market.
 - 0 Look at data from comparable businesses' sale prices. Value your business at a similar amount to businesses that are like yours.
 - 0 For example, if you own a nail salon, you would consider that nail salons in your area are selling for an average of \$50,000. Using the market method, you would sell your salon for about \$50,000.
 - 0 The market method offers an amount closer to the fair market value or what buyers are willing to pay. You might need to increase or decrease your business's price, depending on what buyers will pay.

Most small business owners can conduct their own business valuations. However, you should also consult an appraiser for a professional business valuation. An appraiser can offer you valuable advice and help you get the most out of your sale.

- This simple [business valuation calculator](#) that may be helpful as a starting point for determining the value of your business.
- This [guide](#) offers examples, worksheets, and more in-depth discussion of business valuation.

Three primary options are available for **transferring ownership rights or selling your business** to another person or entity.

1. **Outright sale** - By selling a business in full, you will transfer ownership immediately and receive payment right away. This allows for quick exit and quick cash.
2. **Graduated sale** - This option often benefits sellers whose successors/future owners cannot afford an outright sale, but instead are able to finance a long-term payment plan. A gradual sale is a flexible option for transferring a business. The seller receives a monthly income and may still be involved in the business if desired.
3. **Lease** - Transferring business ownership through a lease (for a specific time period) is a contractual commitment that provides the seller payments for the temporary rights to the business. This might be a feasible short-term option if unplanned events occur or the business owner is temporarily unable to run the business.

You must prepare a sales agreement to sell your business official . This document allows for the purchase of your business.

- List all inventory in the sale along with names of the seller, buyer, and business.
- Fill in background details of the business.
- Determine how the business will be run prior to close and the level of access the buyer will have to your information.
- Note all adjustments, broker fees, and any other aspects relevant to the terms of agreement.
- Don't leave out any assets and liabilities, or this can create problems even after the sale has been finalized.

APPENDIX C

SUCCESSION PLANNING WORKSHEET

Business Information

Business name: _____

Business structure:

Sole proprietorship

General partnership

Limited partnership

Corporation

S corporation

Limited liability company (LLC)

Succession Timeline

Is this plan for your exit/retirement, to plan for the unexpected (death/injury), or both?

Retirement

Unexpected events

Both

If you have a retirement date in mind, when will this be? Date: _____

How long will the transition period last? No. of months: _____

How and when will you communicate this succession to the organization?

If you are planning for the unexpected, what events should trigger this success plan?

Owners Covered by the Succession Plan

Are all owners/partners covered by this succession plan? Yes No N/A

Are you selling your business to a co-owner or transferring to a family member?

Yes No N/A

Will you be buying life insurance as part of a buy-sell agreement? If yes, include information about:

- Who will purchase the policy?
- Who will be the beneficiary?
- Permanent or term policy?
- What will be the death benefit?
- For term insurance, what will be the term length?

Life Insurance:

Candidate Profiles

Candidate 1:

Age: _____ Years of relevant experience: _____

Relation to the business: _____

Key qualifications:

Key skills or experience:

Missing qualifications, skills, or experience:

Will they be ready to take on the business when you exit? Yes No

What would they need to be ready for succession?

Candidate 2:

Age: _____

Years of relevant experience: _____

Relation to the business: _____

Key qualifications:

Key skills or experience:

Missing qualifications, skills, or experience:

Will they be ready to take on the business when you exit? Yes No

What would they need to be ready for succession?

Candidate 3:

Age: _____

Years of relevant experience: _____

Relation to the business: _____

Key qualifications:

Key skills or experience:

Missing qualifications, skills, or experience:

Will they be ready to take on the business when you exit? Yes No

What would they need to be ready for succession?

Standard Operating Procedures

The following operational plans and information should be included in your succession plan to support smooth transition and succession.

Current organization chart showing your current employee structure, including roles, key functions, and reporting lines

Proposed organization chart showing what the organization might look like once you leave. This chart should show your successor and the specific roles the successor will fill? If they are internal to the business, who will fill their current position? What other roles/positions might be vacant after this reorganization/succession?

Operations manual providing a rundown of all daily functions such as a checklist for opening the store, flowchart for billing, flowchart for ordering supplies, etc.

Technology manual providing an overview of any computer, technology, or software systems used by your business. Keep a separately secured list of accounts and passwords that can be accessed by your successor in the case of an unplanned event.

Employee handbook or manual that covers policies, procedures, benefit , etc. related to your business' human capital

Training and retention plan that describes procedures for training and onboarding new employees in various roles, plans for ongoing training to ensure employees maintain key skills or develop new competencies.

Business Valuation

What is the current value of the business? _____

What is your estimated business value at the time of transfer? _____

What method did you use for valuation?

Income-based

Assets-based

Market-based

Valuation by a professional assessor

Other

The business valuation offers a starting point for understanding what your business is worth. With this information in mind, you need to determine the selling price of the business. What is the selling price for your business? _____

If the business will be listed on the market, what is the lowest price you will accept? _____

Transferring Ownership

How will you transfer ownership rights or sell your business?

Outright sale

Graduated sale

Lease

Outright sale (i.e., upfront payment in full)	Graduated sale (i.e., installment payments over time)
Your buyer may need an acquisition loan to purchase business.	One option is to offer seller financing .
Is your buyer qualified to receive an acquisition loan? Yes No	Will you consider financing the purchase of your business to a buyer (i.e., seller financing)
Has your buyer received pre-approval or a letter of intent from a financial institution? Yes No	Yes No
Are you prepared to work with the financial institution and provide information about your business in order to secure the loan? Yes No	Which buyer? _____
Do you have a backup plan in case your buyer is denied an acquisition loan? Yes No	Down payment: _____
	Length and frequency of payments: _____
	Interest rate: _____

Has an attorney reviewed the sales agreement to make sure it's accurate and comprehensive?

Yes

No



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