

Compliance Corner: Preparing for the next big one (June 2006)

By Linda Shirkey

Hurricane season is upon us. Let's hope 2005 doesn't repeat itself, but if last years' hurricanes taught us anything, it's that effective disaster preparedness goes beyond simply having a written plan.

While you need a business continuity document to meet SEC requirements, the SEC doesn't offer detailed instructions on how to handle disruptions. Basically, you're required to assign a disaster team leader, maintain backup of critical information in another city and set up procedures for communicating with employees, clients and vendors.

First, make sure your backup server isn't just down the road in a city like Sugar Land or The Woodlands. Consider backing up to a server in a remote location that's not prone to disasters – Colorado or Utah, for example. There are many companies offering this service.

As for communication, don't depend solely on your cell phone. Financial advisors who survived Katrina and Rita used a combination of email, text messaging, cell phones, land lines and dial-up Internet access to locate people.

If we're faced with another mass evacuation, consider what you'll take with you in the car. Assume that you'll lose power, so do not depend on electronic data. Print out critical information and take along the following papers:

- Your client list with account numbers and phone numbers
- A list of employee home and cell numbers
- A list of vendor names and phone numbers
- Original signed client agreements
- A written record of serial numbers and photographs of any equipment you must leave behind (for insurance claim purposes)

As further backup, you may also want to download your files onto a 2GB mini USB drive – it's small enough to fit in your pocket.

Also pack laptops, backup tapes or CDs, your software CDs and company checkbook(s). You may want to consider taking your CPU and/or server, and your annual compliance files for 2005 and 2006.

If you need to stay here and ride out a storm, you'll need a generator and an ample gasoline supply to run it. A waterproof safe to store important documents is another good idea. And don't forget the bottled water!

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