

### **This Annex Suggests General Considerations and Best Practices for Business Recovery and Reimbursement**

- *Does the facility operate in a state-of-readiness everyday so a recovery effort will be more successful?*
- *If the facility is temporarily closed, are funds available for continuing animal care?*
- *Does more than one key person know everything necessary to continue to run the business?*
- *If the facility is eligible for FEMA reimbursement, how will all recovery actions be documented and recorded?*

#### **Topics Covered for Business Recovery and Reimbursement**

- 1. Types of Circumstances that Cause Financial Ruin**
- 2. Is a Financial Disaster Avoidable?**
- 3. National Flood Insurance Program**
- 4. Business Recovery Planning**
- 5. Potential Federal Reimbursement through FEMA**
- 6. What Types of Documentation is Necessary for reimbursement**

An emergency incident that destroys infrastructure or in any way disrupts cash flow and/or management capabilities can have a devastating financial effect on managed wildlife facilities— *A different type of DISASTER*. These disasters range from a sudden crisis such as a natural disaster or loss of a founder/owner, to financial resources slowly dwindling. The outcomes affect the ability to provide continuous high-quality care for the animals.

Safeguards, such as following good business practices and not over-extending the facility's capacity, can prevent or mitigate the causes of a fiscal crisis. Insurance coverage and other reimbursements may be helpful during infrastructure recovery. In federally declared disasters, some facilities may be eligible for FEMA relief; however, only five-percent of local disasters ever reach the level of a Federal declaration and possible FEMA support.

Recovery from a financial disaster begins *BEFORE* the crisis occurs by maintaining the facility in a constant state-of-readiness, effective insurance planning, and understanding the

requirements to become eligible for government reimbursements, if applicable. Documentation of every single step during the response and recovery processes is critical.

**The following considerations are good business practices that may be helpful while developing Business Recovery Plans. Not every consideration is appropriate for every managed wildlife facility.**

### ***Business Recovery Team***

Management should identify key personnel, board members and partners to become a Business Recovery Team. This Team would become responsible for leading the direction of recovery efforts. FEMA's *Are You Ready?*<sup>1</sup> document is an excellent resource.

- Determine the makeup of a Business Recovery Team. Include:
  - Key personnel from administration
  - Animal care personnel, as appropriate
  - Professionals versed in sound financial practices, insurance issues, and legal responsibilities
- A master plan for recovery would be developed, based upon the goals attainable after a disaster.

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### ***Types of Circumstances that could Cause Financial Crises***

- Prolonged closure due to a severe weather event, flooding or fire or other infrastructure damage
- Lack of appropriate oversight (e.g. financials not audited regularly, ineffective Board of Directors, Founder's Syndrome<sup>2</sup>)
- Loss of donor support
- Uninsured losses
- Media gaffes, inaccuracies and over-blown incidences amplified by the media or Internet.
- Facility founder/owner/sole proprietor/key employee passing away
- Facility being located on private property with potential estate considerations
- Lack of adequate revenues
- Embezzlement

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### ***Is a Financial Disaster Avoidable?***

While it is impossible to prevent every financially-challenging occurrence, avoiding problems before they happen is a practical goal. Industry leaders offer the following best practice considerations to help shape a facility so that it can avoid a catastrophic financial incident or recover from a disaster more quickly. See the [Administration Annex](#) for additional information.

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<sup>1</sup> FEMA "Are you Ready?" <http://www.fema.gov/areyouready/>

<sup>2</sup> National Resource Center e-Newsletter <http://www.cfbest.org/management/survivingfounder.htm>

### Best Practices for Business Management

- Build a master business plan.
  - Consider the creation or develop a business plan; perhaps for each group of animals; fit it into the overall business plan.
  - Include in the plan how the facility makes decisions to expand or accept more animals. Before accepting additional animals, determine the extra lifetime costs versus the number of paying/donating people it will take to be cost effective:
    - Food and normal shelter
    - Health care
    - Salary for keepers, etc.
    - Transportation
    - Other
  - Recognize that with each stage of growth, a new business plan may need to be developed.
  - Recognize the realistic rate of growth so that the facility does not take on more than its capacity.
  - Consider investing in business and management workshops and seminars to assist facilities in building sound master business plans.
  - Cultivate able board members with critical skill sets and provide training opportunities to the board members in effective nonprofit or corporate governance.
- Develop sound financial practices for fiscal management.
  - Seek out business resources that can assist with business plan development and provide information on all aspects of business management. The Small Business Administration is such a resource.
  - Management should consider contracting for accounting services and conduct an annual audit.
  - As the size of the operation permits, two paid employees should be familiar with all aspects of the business. If one employee leaves, there is still one to train a replacement.
- Avoid the 'founder's syndrome' where the founder is doing everything (see references).
  - Attempt to establish a stable administrative infrastructure.
  - Strive to develop a proactive, consensus-oriented style of management.
- Develop a rapport with news agencies *before* an emergency. See Communications Annex.
- Well trained staff and volunteers are a facilities greatest asset. To build a strong business consider the following:
  - Develop job expectations and training criteria for staff and volunteer roles.
  - Choose and train volunteers carefully; they will be representing the facility.
  - Develop good volunteer management and accountability.
  - Develop a written plan to respond to complaints and attacks by disgruntled staff, volunteers or the public.
- For those facilities that take in wildlife (e.g. sanctuaries, rehabilitation facilities) consider the following when designing your business plan.
  - The first responsibility is to the welfare of the animals already at the facility. Overburdening space, personnel, and budgets can jeopardize the ability to care for the current animals.
  - Empower appropriate intake personnel who answer the phone to say 'sorry, but no.' Do not take in more animals than can be cared for reasonably.

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- Avoid a pyramid type business plan: for example, presuming that by accepting more animals, more donations will follow or using large donations meant to support lifelong care for specific animals to pay for immediate needs across the entire facility.
- Back up all business-critical information. See [Data Management Annex](#).

### Best Practices for Insurance Coverage

**Insurance will be a vital part in the recovery process. It is critically important that managers, owners or key personnel understand the facility's insurance policies. Consult with insurance professionals to become fully informed about different coverage. Understanding liability, eligibility and coverage will prevent surprises. For additional information on insurance, see the [Administration Annex](#).**

- Following are various types of insurance coverage that could be applicable to the facility.
  - Liability
  - Property, casualty, umbrella
  - Auto
  - Flood or earthquake coverage
  - Workman's compensation
  - Key employee
  - Major medical
  - Business Interruption
  - Veterinary malpractice
  - Professional liability
- Inventories, serial numbers, and photographs of the property will be important for recovering losses.
- Understand rights and obligations of insurance policies. Don't assume that a facility is covered for every situation. Discuss with the insurance provider the coverage, and review frequently.

### ***National Flood Insurance Program***

<http://www.fema.gov/plan/prevent/floodplain/index.shtm>

<http://www.floodsmart.gov>

- The National Flood Insurance Program (NFIP) is a type of insurance available to both private individuals and municipalities in a specially designated flood area.
- In 2004, FEMA's mitigation system required communities to adapt "Natural Hazard Mitigation Plans" to identify a community's long term focus to reduce loss of infrastructure due to re-occurrence of hazards such as periodic flooding in vulnerable areas. This process helps to determine who should be participating in the National Flood Insurance Program (NFIP).
- It is highly recommended that facilities managing wildlife discuss the NFIP with their local emergency management agency to understand their participation in NFIP. Local Emergency Management can provide assistance in determining whether flood risk (from any source) should be part of the list of hazards developed during the facility's Risk Assessment.
- To estimate the location of floodplains, visit <http://msc.fema.gov>. This site allows you to search floodplain maps by address.

### Important Information About the National Flood Insurance Program (NFIP)

- If a facility is subsidized or supported by federal grants, participation in NFIP may be required unless there is proof of self-insurance.
- Insurance offered by NFIP must be purchased through licensed property/casualty agents who are approved to sell the insurance in the state where the facility is located.
- If the wildlife facility participates in the program, and an eligible non-residential building becomes flooded, the insurance can provide up to \$500,000 coverage per building and up to \$500,000 for contents of each building.
- FEMA will not reimburse losses that *should* have been insured by the NFIP.
  - If there is a federally declared disaster and a facility located in the flood plain did not obtain the required flood insurance, FEMA assistance can be reduced (see information about Reimbursement below).
- There is a 30-day minimum waiting period before NFIP will cover flood-related losses.
  - A 'flood in progress' or 'flood condition' during the application process will not be covered (for instance, one cannot apply for coverage during an incident, wait 30 days and expect to be covered for losses.)
  - If flood insurance is required to close a loan, there is a 30-day waiting period.

### Earthquake Insurance:

- Many property insurance policies do not include earthquake coverage, and such coverage may need to be purchased as an add-on or separate policy.
- Most earthquake policies are high-deductible type policies.

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### ***Business Recovery Planning***

**Recovering from a financial or physical disaster is a daunting challenge. Physical damage is easy to see, but it is more difficult to recognize the need for a recovery plan during a gradual fiscal decline on its way to becoming a business disaster. A Business Recovery team can make or break the success of a business facing a disaster, and provide help in recognizing the situation. The following are just some of the considerations in the process of disaster recovery:**

- Seek direction and advice from professionals such as the Small Business Administration.
- Document all activities and expenses (keep a log and all receipts).
- Clarify roles for personnel involved in the recovery.
- Inform all staff members, volunteers, donors, board members, etc. of recovery efforts.
- Establish a plan for emergency payroll if necessary. See *Administration Annex*.
- Protect property from further damage (e.g. tarps, removing wet drywall and carpeting, boarding up openings, installing temporary protective fencing).
- When estimating damages, determine replacement cost estimates rather than historical values.

### ***Special Considerations: Recovering from a Public Relations Disaster***

**A good working relationship with the media is extremely important; however, it does not mean the media will always report favorably. Most media services cover what it considers to be news. See *Administration Annex* for more information.**

- Transparency: People want to hear the truth.
- Invest in media interaction training. Develop message points and practice answers to questions you know will be asked. Decide what your key message points are with the media. Never lie to the media. If you choose not to answer for any reason, learn to deflect the question and return to a key message point.
- Give the media new factual information and as much information as appropriate each time meeting with them.
- It is important to give the media and public who, what, when and where immediately and leave the how until later. Time is needed to sort through facts.
- To preserve privacy, withhold names of injured people until family can be contacted.
- Monitor social media to correct any misconceptions.
- Utilize social networking (Twitter, Facebook, YouTube), a blog and the facility's website to spread your message, ensure commitment and that recovery is underway.
- Be proactive and prepared to send bulk press releases to all local media immediately to diffuse enthusiastic journalists.
- Have the same spokesperson so the media know who to contact.
- Develop a crisis communication plan that includes drafting templates for different situations as a starting point.
- Develop a rapport with each of the news agencies before an emergency.

### **If a Closure is Imminent**

Closing a facility that manages wildlife is a huge undertaking. Please see our website, <http://www.zooanimalhealthnetwork.org/ZooBest.aspx> for an account of a recent facility closure. It provides excellent information about both preventing and dealing with a facility closure.

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### ***Potential Federal Reimbursement through FEMA***

FEMA bears the responsibility for national disaster mitigation, preparedness, response, recovery and education. It is beyond the scope of this document to explain FEMA's many roles; however, basic information about how FEMA can assist in a disaster and its eligibility requirements should be known by all managed wildlife facilities.

Responses to emergencies or disasters START LOCALLY. Very simplistically, in the event of an incident, local responders such as law enforcement, fire, etc., will be the first tier of responders. If the incident grows beyond the capacity of local responders, state agencies may be called in to support the incident. If the incident is of sufficient magnitude, the President of the United States may make a federal disaster declaration. Once the President has declared it a major disaster area, the government can then begin to implement a long-term National Disaster

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Recovery Framework (see references) through FEMA. Approximately five percent (5%) of local disasters reach the level of a Federal Declaration.

### Qualifications for FEMA Public Assistance Grants

FEMA can provide support to assist with response, repair, restoration, reconstruction, or replacement of damaged eligible facilities after the disaster is Federally declared. NOT all managed wildlife facilities are eligible for FEMA assistance, even if impacted by the disaster.

For example, facility owners and managers should consult with their local emergency managers for assistance in determining if the facility is eligible. Non-governmentally owned zoological facilities may not be eligible for FEMA Public Assistance grants. In general, for a facility to become an eligible under the FEMA Public Assistance Program, it must meet both of the following criteria:

- Meet the eligible Private Non-Profit status as outlined in the FEMA website:  
[http://www.fema.gov/government/grant/pa/9521\\_3.shtm](http://www.fema.gov/government/grant/pa/9521_3.shtm)
- Be affiliated with a governmental agency (e.g. Municipal Zoo) or fulfills a governmental service.

For eligible facilities, the facility's contingency plan must be integrated in the overall response plan for the jurisdiction (necessitating the collaboration between local emergency planners and FCPs).

### What May be Covered by FEMA?

- FEMA Public Assistance Grants are hierarchical, meaning that **facility insurance covers losses first**. (Recall that flooding and other incidents may require special insurance policies, i.e., National Flood Insurance Program).
- FEMA's share of assistance is typically seventy-five percent (75%) of **eligible uninsured** costs for emergency measures and permanent restoration. The state determines how the non-federal share (up to twenty-five percent (25%)) is split with applicants.
- A facility does not apply for Public Assistance Grants, but works through the 'grantee' (a local, state, territorial, or tribal authority) and funds are dispersed through such entities down to the eligible facility.
- The FEMA Public Assistance Program Website can be found at:  
<http://www.fema.gov/government/grant/pa/index.shtm>
- Two categories of work describe the type of reimbursable expenses: emergency work (category A and B) and permanent work (category C-G). Each of these work types is divided further. ( see [http://www.fema.gov/government/grant/pa/re\\_categories.shtm](http://www.fema.gov/government/grant/pa/re_categories.shtm) )
- Some expenses such as debris removal (category A) and emergency protective measures (category B) are performed before and during an incident. Others C-G are to repair or replace infrastructure. **It is important to note that category A and B expenses are performed without pre-authorization from FEMA, but these expenses must have adequate documentation. Category C-G expenses must be pre-authorized by FEMA to be eligible.**

### **What are some of the Requirements for Reimbursement Eligibility?**

There are certain requirements that must be met to meet FEMA reimbursement eligibility requirements. In general:

- All costs must be documented to be eligible for reimbursement.
- Costs must be reasonable and necessary to accomplish eligible work.
- Work needs to be done while in compliance with federal, state and local laws and regulations.
- Costs must include deductions of insurance proceeds, salvage values and any purchase discounts

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### ***What Types of Documentation is Necessary?***

- If in doubt, document it. Consider assigning one or more people just to work on documentation.
- All expenses and efforts MUST be documented appropriately. This includes documenting any and all volunteer work or in-kind donations.
- Establish daily sign-in / sign-out sheets for all personnel and volunteers (names, times, if regular time or overtime, position/work performed). Even if the information is transferred to a spreadsheet, always keep the original documentation; do not discard.
- Keep all original receipts.
- Take photographs or videos to supplement any written documentation.
- Document any facility modifications, lease or rent expenses, increased utility costs, generator lease and operation, safety and security expenses, etc.
- Document supplies and commodities associated with the incident.
- Document expenses for any animal decontamination, medications necessary to tranquilize animals for movement, etc.
- Document labor costs; labor costs may include overtime pay for regular employees and regular time/overtime for contract labor.
- Document equipment costs including leasing of equipment for evacuation and time used.
- Document any expenses associated with removal and animal carcass disposal.
- Document VIN numbers and descriptions of all vehicles (including rented/leased) as these numbers may be used to calculate allowable reimbursements.
- Document in-kind contributions as well as cash expenditures! If mutual aid is provided by a peer facility, document their contributions in detail.



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**Recovery from an incident or disaster will never be easy. However, there is the opportunity today to establish a level of preparedness within a facility that may make a huge difference in the recovery process. The following references are provided for more information.**

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### References and Resources

Adjusters International. 10 Things You Can Do To Make Disaster Recovery Go More Smoothly.  
<<http://www.adjustersinternational.com/disasterchecklist.cfm>>.

Alliance of Nonprofits for Insurance. <https://www.ani-rrg.org/>

Blue Avocado online Magazine. <http://www.blueavocado.org/>

Community colleges and universities offering not-for-profit management certification

Council on Foundations. Disaster Preparedness and Recovery Plan, Version 1.1.

[http://www.cof.org/files/Documents/Community\\_Foundations/DisasterPlan/DisasterPlan.pdf](http://www.cof.org/files/Documents/Community_Foundations/DisasterPlan/DisasterPlan.pdf)

Elliot, Paul. "Daniele Foods: Fundamentals in recovering from a public relations marketing disaster – Part 2." Shreveport Small Business Marketing Examiner. February 13, 2010.

<http://www.examiner.com/small-business-marketing-in-shreveport/daniele-foods-fundamentals-recovering-from-a-public-relations-marketing-disaster-part-2>

GuideStar USA, Inc. <http://www2.guidestar.org/Home.aspx>

McNamara, Carter, PhD. Founder's Syndrome: How Corporations Suffer – and Can Recover. Free Management Library. <http://managementhelp.org/misc/founders.htm>

Prepare my Business.org. <http://www.preparemybusiness.org/>

SCORE. (A resource partner with U.S. Small Business Administration.) <http://www.score.org/>

U.S. Department of Homeland Security FEMA. External Affairs. Media Relations.

<http://www.fema.gov/pao/relations.shtm#mro>

U.S. Department of Homeland Security FEMA. The National Flood Insurance Program.

<http://www.fema.gov/business/nfip/>

U.S. Department of Homeland Security FEMA. National Disaster Recovery Framework.

<http://www.fema.gov/recoveryframework/>

U.S. Department of Homeland Security FEMA. Ready Business.

<http://www.ready.gov/business/plan/planning.html>

U.S. Department of Homeland Security FEMA. Ready Business Emergency Plan.

<http://www.ready.gov/business/downloads/sampleplan.pdf>

U.S. Small Business Association. <http://www.sba.gov/>