



BETTER PERSPECTIVE, BETTER RESULTS

When Disaster Strikes

Judith Lee and Rich Heiland

Introduction

Are you prepared for unexpected absences and natural disasters that disrupt or shut down your practice and/or your entire community?

Imagine this:

- > You go in for medical testing, basically to rule out any serious cause to a persistent but far from debilitating discomfort. That day you find out you have a tumor and are most likely suffering from a rare and serious cancer. Within days you are in chemotherapy and unable to practice.
- > The company that provides security at your office calls at 2:00 a.m., saying an alarm has gone off. You're not particularly concerned, because it's happened before. The security company calls again and says there is a fire. You head over there, and two miles away, can smell the smoke. When you arrive, the office is engulfed in flames and the local fire company is struggling to battle the flames.
- > With little warning, a tornado hits your town. In one day, you lose your home and your place of business. In fact, you are surrounded by devastation: 1,400 businesses or residences are destroyed or damaged to the point they cannot be occupied.

All three of these situations have been faced by Cleinman Performance Partners clients or associates. They represent disasters that can happen to anyone, no matter how healthy your lifestyle, how security and safety-conscious you may be at the office, or how safe your community seems to be. The unexpected can happen at any time and in cases like these, cannot be prevented.

The important question to ask is: How would your practice do?

Certainly, there would be a negative impact, both personally and professionally. However, disaster does not have to mean a total loss or devastation from which you cannot recover. In fact, its impact can be affected, if not determined, by steps you can take now. Those who have been down this difficult road have advice to offer that you must take to heart and act upon for the protection of your family, employees, patients and eye care business you have worked so hard to build.

Unexpected Absence

We'll start with the unexpected absence, usually due to an accident, illness or that of a loved one who needs your full-time care and support. Although your practice schedule may have you booked solid for the coming weeks or months, an unexpected absence means you are not available, period. Can your practice continue to function, and if so, how?



Dr. G's story is enough to give pause to any business owner – or anyone for that matter. In 2004, the fit and active optometrist (then age 42), experienced pain in his hip that he thought was related to water skiing during a family vacation. When it persisted, he sought appropriate medical treatment. After the pain persisted despite an X-ray (that was normal) and two different NSAID's, he went for an MRI, which revealed a large mass in his hip. That was October 16th, and that was the day he stopped working at his Whittier, C.A. practice. After that, he underwent chemotherapy and radiation, surgery to remove the tumor (once reduced in size), and another course of chemotherapy.

Throughout Dr. G's ordeal, he remained upbeat and more than willing to discuss the state of his two-location practice. That's because a strategy he had selected 10 years ago paid off in a practice that runs so well it can run without him.

"This was my dad's practice and when I took it over 10 years ago, all the patients just wanted to see him. I wanted to go another way. My goal was to convert the practice to an Optometric Group. I wanted a practice that was a destination for quality eye care, not a destination for a particular doctor."

Now there are seven O.D.'s in the practice and none of them are partners in the practice. However, several are long-term associates to whom Dr. G had delegated management duties, including scheduling optometrists, maintaining their professional licensure and CE, and managing contact lens inventory and solutions.

Dr. G relied on a general manager (now with the practice 28 years) and named a second manager (with the practice 17 years) to run his second location. As soon as David was diagnosed with advanced pleomorphic lipo-sarcoma (a highly active tumor of the skeletal muscle system), the general manager was given complete management control. His managers, associates and staff have really stepped up to the plate and performed: Dr. G reports the practice has earned more every month he has been absent.

Steps You Must Take:

1. If you are a solo practitioner, buddy up now with another solo O.D. who is not a direct competitor. Agree to step in for each other to see patients in the event of an unexpected absence.
2. If you do not have a practice manager, hire one. With the help of your "buddy" O.D. or hired optometrists, this person can run your business should anything happen to you.
3. If you have a practice manager, think about his or her ability to run the office without you. What additional skills or tools would your manager need? Who could your manager turn to for help and guidance (an accountant, practice management consultant, attorney)? Take steps now to make sure the manager has everything in place should you be taken out of the picture.

4. Determine the role of your spouse should you become incapacitated. Is he or she familiar enough with your practice, practice manager, and partners to make important decisions if needed?
5. The practice should take out "key man" insurance on you (and other key people, see Steps You Must Take # 13 in "Your Practice is Destroyed" section) to offset the tremendous impact of unexpected death. A key person is more likely to become disabled than to die, so make sure you have adequate disability coverage.
6. If you have associates or partners, share the wealth in terms of caseload. Don't encourage a system in which there is one "rainmaker" (you) and others that perform at a lesser capacity. Work to even out the caseload to minimize the impact if any one doctor is taken out of the picture unexpectedly.
7. If you handle practice management duties, be sure to share some of this with partners or delegate to optometric associates.
8. Create a culture of teamwork and helpfulness. Let your staff know that you depend on them and appreciate their contributions. Be sympathetic and supportive to their personal situations, especially the unexpected ones. One day you (and the practice) may need their sympathy and support.
9. Share the numbers with your staff (at least the top line and expense lines) so they feel a part of the practice.
10. Make sure your practice is in good financial health. Is there enough cash to drop production by 25% and still carry on?
11. Beware excessive debt. If you don't own your office space, invest in real estate that may one day be paid off, and may even produce rental income. Purchase equipment rather than lease.
12. Keep a business line of credit maximized, even if you don't need it now. Make sure your partner, practice manager, and/or spouse can access the line of credit should you become totally incapacitated.

Your Practice is Destroyed

Next is the case in which your practice is destroyed by fire, flood (or other natural disaster), or at least so heavily damaged you cannot work out of it for a while. We'll talk about disasters that affect the entire community in the "Your Entire Community Gets Slammed" section.

This is what Dr. B faced in 2004. The practice that she took over from her father and where she had practiced optometry for 25 years was destroyed by a fire. Apparently, the fire was caused by her external sign, which shorted and caused an electrical fire. If the fire had occurred during business

hours, it most likely could have been contained very quickly. However, the timing was such that no one was present to call in an alarm and the fire was out of control before the security company was alerted.

Fire and water damage were so extensive that Dr. B lost everything except one computer. Although this doesn't sound like much, it did preserve her schedule and patient records. The next step was to bring in trailers to use as temporary office space. It took a week to go through the permit process for the trailers and to run electricity to them. Dr. B had a temporary office up and running in a relatively short amount of time, but practicing was a struggle in just 1,000 square feet of space, akin to jamming a size 10 foot into a size 7 shoe. Telephone service was complicated by the fact that Dr. B had two service providers (one for local and another for long distance); patients couldn't call the practice for eight days, and it took a total of five weeks to have a new phone system installed.

Steps you Must Take:

1. Create inventory lists of all major equipment and furnishings. This list should contain the manufacturer, date of purchase, and purchase price.
2. Take pictures of all areas of your office.
3. Back this up by taking a video of your office – do close-ups of equipment and frame boards, pull open drawers and cupboards and film what is inside.
4. Keep your inventory lists, photos and office video in a safe, off-site location. Place all your insurance policies and contact information in the same off-site location. Disasters usually strike after hours, so make sure you have a copy of your insurance carrier's 24-hour hotline.
5. Review your current insurance coverage. Is it enough to get your business back in operation? Will it cover the replacement cost of vital facilities? Make it a regular, annual procedure to review and update insurance.
6. Insurance on mortgaged property probably only covers the lenders with nothing left over for you. On building replacement, find out the cost per square foot on new construction and remodeling to be sure the policies are current. A general inflationary increase in a policy does not always keep up with true building costs.
7. Be aware of your content's insurance. Does it cover the replacement cost of critical equipment?
8. Know what your insurance does not cover. Most general casualty policies do not cover flood damage. Many require additional riders for windstorm, sewer backup, or earth movement. Consider adding coverage for likely perils, especially flood insurance.
7. Obtain business interruption insurance that assists you with operating needs during a period of shutdown. It may help you meet payrolls, pay vendors, and purchase inventory until you

are in full operation again. Also be prepared for the extraordinary costs of a disaster such as leasing temporary equipment, restoring lost data, and hiring temporary workers.

8. Make sure the business interruption insurance includes loss of business income and extra expense coverage. Also, review with your agent any limitations within the coverage such as a monthly limit. Your insurance agent should be able to offer a business income worksheet to help calculate your exposure.
9. If you already have business interruption insurance, review that in light of increased fees, improved frame sales etc. - in other words, if you've been with Cleinman Performance Network for some time, you could be basing revenue replacement on pre-CPN numbers!
10. If you are in an older building ordinance of law coverage may be necessary. A typical property insurance policy replaces a building as it stands prior to the loss and only for the damaged portion of the building. The local building codes may have changed forcing you to upgrade your entire building during your reconstruction. These upgrades may include sprinkler systems, handicap accessibility issues, elevators, additional bathrooms, etc. This additional cost is not normally covered under a standard property policy.
11. If you have associates and any other key people, take out "key man" insurance on them and have the practice own a policy on yourself. Not to be morbid, but if any of these people are injured or killed in the disaster, the impact on your revenue and ability to function could be tremendous. **(Talk to your insurance agent NOW about the records you need related to the above items!)**
12. Ensure your records and digital files are routinely backed up via cloud-based solutions. Alternatively, you can work with a managed service provider (MSP) to conduct daily backups to their server farm and/or cloud-storage.
13. Get a cooperative agreement with another optometrist in the area to use his/her facilities for the period you are out of business. It won't be perfect, but see if that office would be willing to start seeing patients from, say 7:30 a.m. to 4:00 p.m. and then let you come in from 4:15 to 9:00 p.m. There are ways you can pool frame inventory, lenses and sell from the same inventory temporarily.
14. Check the zoning in your community to see if you can move a temporary office trailer(s) onto your site to use while rebuilding, if room permits. If there is no room, research the regulations regarding the use of another site-- even a grocery store parking lot, if you can work a deal.
15. Check out a temporary office company and know their pricing and be sure your insurance gives you this option.
16. Build a relationship with a good contractor. Tell him you want him to do any work you need should disaster strike.

17. Get close to all your sales reps – ask them if they have any firm plans and policies for how they help customers get back on their feet, quickly.
18. Involve your employees. If you are out of your office for several months and end up working odd hours, it will impact them. Talk to them now and make them a part of disaster planning. Get them thinking in terms of temporary inconvenience now so, should it happen, they will at least be aware of the possibility.
19. Maintain an up-to-date copy of phone numbers, computer and Internet logon codes and passwords, employee phone numbers and other critical information in an accessible location. Develop an employee "telephone tree" to rapidly contact employees in an emergency.
20. If you practice in "Tornado Alley," create a plan for what to do when you receive a tornado warning. It's worth paying an architect or structural engineer to come into the practice and show you the absolute safest place to gather people. Usually it's in the middle with short-wall construction that is less likely to be whipped by the wind. If someone gets killed and you DON'T have a tornado (or earthquake) safety plan in place you could have liability. You could also have liability if you have one and no one knows what it is!
21. Once a year or so, have a fire drill in your practice. You can plan it for a time when the office isn't too busy, but don't warn staff ahead of time. Make it a real learning experience that might save lives in a future disaster.
22. Have a communication plan for reaching your patients ASAP. Quickly and routinely communicate status updates either through email or your patient outreach/recall platform (Weave, Solution Reach, etc.) As soon as you know how you will be operating, get the word out.
23. In your disaster plan, have a staff reward. Your staff is going to be really, really put upon. Be sure to hand them a little something extra from time to time, to show you are thinking of them.
24. Don't assume that, just because it never happened before, it never will. Flooding patterns are changed by development: water, which runs off new streets and parking lots and may overwhelm nearby streams and surrounding land. Landslides and sinkholes may develop because of distant earth movement, natural or manmade. The creek by your building may be a tiny, placid stream that has never flooded, but a downpour may change it into a destructive torrent that destroys your building foundation. Plan for the worst.

Your Entire Community Gets Slammed

When your entire town gets hit by a flood, earthquake, hurricane or tornado, things change drastically. What if you and/or staff have lost a home? Your staff can't give all they might normally give to your practice because they, understandably, have to take care of their loved ones. They might even have suffered injuries, or worse.

Let's say the local schools are badly damaged or destroyed, and your town has to use a neighboring school system. The kids might go to school (for months) from 3:30 p.m. to 9:00 p.m. Your staff members with school-age children may not be able to work morning and afternoon hours.

When your entire town has been hit, all of the pre-planning you did will really pay off. The chaos and confusion around a wide-reaching disaster is hard to describe if you have not been there. Those who know the ropes, climb the ropes.

Steps You Must Take:

1. Do all the planning described in the previous section "Your Practice is Destroyed."
2. If your building has been destroyed or suffered heavy damage, your first call (yes, the first one!) is to your contractor. Tell him you know he's going to be swamped but you hope you are at the top of list. After all, you've already told him if anything happens you want him to be your guy.
3. The doctor you had the space-sharing arrangement with, mentioned above, and may also be out on the street. So, if you have already talked to a larger store about using their parking lot for temporary space, make that your next call or visit – "Hey, are we still on?"
4. At about the same time, you should be reaching out to the temporary office folks and saying, "I need it this week." You already know the zoning, right? You know the permits you need, right? Get them immediately.
5. Call the electric and phone companies. They aren't going to help you until they've done the most critical disaster recovery tasks, but they will be compiling lists of who has called in for help and hook-ups.
6. Call your insurance agent. Most of you probably would make that your first call, but it's more important to get in line with a contractor, temporary space, support for that space, etc. The insurance call is one you can delegate to staff, if you want it at the head of the list.
7. Keep your cell phone charged! Odds are land lines will be heavily impacted in a community-wide disaster.

Resources: Updated for 2020

- U.S. Small Business Administration: <https://www.sba.gov/funding-programs/disaster-assistance>
- Institute for Business & Home Safety: <https://ibhs.org/guidance/policyholders/>
- Emergency Preparedness for Small Business: A Neighborhood Disaster Survival Guide (on Amazon) <https://www.amazon.com/Emergency-Preparedness-Small-Business-Neighborhood/dp/1983358932>
- Dept. of Homeland Security: <https://www.ready.gov/business>
- FEMA: <https://www.fema.gov/media-library/resources-documents/collections/357>
- Alliant [Insurance References](#) ranging from Business Interruption Claims to Workers' Compensation Liability for Infectious Disease

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