

## Small businesses learn hard lessons from floods

By JOYCE M. ROSENBERG (AP) – August 19, 2010

NEW YORK — When flood waters washed through Ames, Iowa, last week, Jim Howe got his latest lesson in how hard it can be to protect a business from disaster. And to recover.

Howe Welding and Metal Fabrication flooded for the fourth time since 1993. He's still cleaning up and getting his machinery working again.

Jay Hennessey learned a similar lesson. Earlier this month, Hennessey reopened his Ashland City, Tenn., gym three months after it was shut by an unexpected flood.

A flood can be one of the worst catastrophes to hit a small business. Water gets in everywhere, bringing with it mud and debris. It can take days to recede, and when it does, it leaves ruined equipment and furnishings, and sometimes, mold.

And unlike damage from fire and wind, or even rain water that comes in through a hole in the roof, the devastation caused by flooding isn't covered by a standard business owner's insurance policy. Owners need to purchase flood insurance separately and some find it's too expensive to carry.

### TORRENTIAL RAINS, UNEXPECTED FLOOD

As the owner of two Snap Fitness gym franchises near Nashville, Hennessey never had to deal with a flood. But 16 inches of rain fell over a 24-hour period in Ashland City, and his gym, full of treadmills, weight machines and other exercise equipment, was flooded with 18 inches of water.



This photo taken May 2, 2010, shows the flooded Snap Fitness Gym in Ashland City, Tenn., which was shut down for three months. (AP Photo/Jay Hennessey)

Hennessey said he was able to save most of his equipment, but it had to be cleaned and repaired. The treadmills were

destroyed. The building had to be cleaned and repainted. All told, the flood cost Hennessey \$200,000.

By being a franchisee, he got help from the Snap Fitness corporate offices. Hennessey said the company helped with physical recovery, and Snap Fitness kept him focused on the fact that although the gym was shut, he had to keep building for the future.



This Aug. 6, 2010 photo provided by Jay Hennessey, shows the refurbished Snap Fitness Gym, in Ashland City, Tenn., which has reopened after flood waters from a storm May 2, 2010, closed the facility for three months. (AP Photo/Jay Hennessey)

"You can get myopic, really focused on recovering," he said. "You forget that you have to get out and market your business."

Hennessey didn't have flood insurance because he wasn't in an area considered at risks for flooding. "There was no reason for us to think we needed flood insurance," he said.

This meant he couldn't be reimbursed under his regular business owner's policy. He also said he can't get a payout from business interruption insurance, which covers a company's operating expenses when it's shut down. Because the underlying cause of the disruption to his business was flooding, Hennessey said he couldn't collect anything.

Hennessey has taken out a Small Business Administration disaster loan to cover the costs of restoring his business and getting it operating again. As a condition of getting the loan, he has had to purchase flood insurance. However, because he's not in a high-risk area, he calls the insurance "relatively inexpensive."

## **FLOODED AGAIN AND AGAIN**

Howe's welding business was flooded in 1993, and again in 2006 and 2008. He has taken many steps over the years to lessen the chances of being flooded again. A few years ago, when he decided to rebuild his business, he put it on ground that was three feet higher than its original spot. He installed floodgates.

Inside the building, which houses heavy equipment like lathes and saws, he raised his welders so they'd be off the ground.

The problem this time was that Howe couldn't get enough sandbags. And so when the flood came, two feet of water entered his business. That was less than the 5 1/2 feet he got in 1993, but it shut him down. He's been cleaning up constantly since the flood, getting machines working again one by one.

Howe doesn't have flood insurance, and he's not planning on buying any, simply because it's more than his business can afford. Because he's in a flood plain, the premiums are high. And businesses that have been flooded can pay even more. "They're not stupid," Howe said of insurance companies. "They say, 'we'll insure you, but you'll flood and it's going to cost you.'"

The lesson he took away from this latest flood is that he needs to have his own sandbags on hand. Howe calls himself foolish for assuming the city would have enough to go around. So he'll build a stainless steel container, fill it with sand and make himself that much better prepared for next time.

"There will be a next time. It's not a question of 'if,'" Howe said.

## **PREPARING FOR A FLOOD**

Preparing for a flood should be part of an overall disaster prep plan. Owners who need help figuring out what they need to do for disaster planning can get help online. The Institute for Business & Home Safety's site, <http://www.disastersafety.org>, and the federal government's guide at <http://www.ready.gov/business> go into some detail. The Small Business Administration also has information at <http://www.sba.gov/beawareandprepare/business.html>.

You can find out about flood insurance at <http://www.floodsmart.gov>. Your insurance agent should also have information.

Copyright © 2010 The Associated Press. All rights reserved.