All businesses are exposed to some level of risk, but when a natural disaster strikes they can suddenly face a variety of unexpected and often extraordinary situations. What happens in a matter of seconds can sometimes take years to rebuild. The 2011 earthquakes in Christchurch, New Zealand and the 2009 bushfires in Victoria, Australia demonstrated how devastating natural disasters can be for small businesses. This investigative-style program for middle to senior secondary audiences explores the human cost for businesses affected by natural disasters. Many of the logistical aspects, such as: assessing property damage, dealing with insurers, monitoring finances, relaunching a business and creating disaster preparation plans are discussed in the program. Viewers will appreciate the way people overcome these traumatic experiences and what it’s like running a business in the aftermath of a natural disaster.

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Introduction

Every business, regardless of its size or type, faces unexpected challenges, which will influence its day-to-day operations. They are dynamic in nature; constantly changing due to the pressure of internal and external environmental factors. This program explores the impact of a natural disaster on a business with an in-depth analysis of the effect of the 2011 Christchurch earthquake in New Zealand and the 2009 Victorian bushfires in Australia. Five business owners share their experiences and insights. Dianne Kennedy, hotel owner and Christine Adams, caravan and holiday park owner, discuss the impact of the Victorian bushfires on their small businesses and the strategies they used to continue to operate. Nick Cowper from Hummingbird Coffee, Martz Witty from Leopard Coachlines and Maureen Taane Hapa designer storeowner also discuss how their businesses coped after the Christchurch earthquake and what they had to do to survive.

Timeline

00:00:00 Natural Disasters and their impact on businesses
00:06:08 Managing a business following natural disaster
00:12:12 Christchurch: Business assistance following an earthquake
00:18:08 The road to recovery after a natural disaster
00:23:30 Credits
00:24:20 end program

Related Titles

Operations Processes - Inputs, Transformations, Outputs

Recommended Resources

- [www.hummingbirdcoffee.co.nz](http://www.hummingbirdcoffee.co.nz)
- [www.leopard.co.nz](http://www.leopard.co.nz)
- [http://hapanz.myshopify.com](http://hapanz.myshopify.com)
Student Worksheet

Initiate Prior Learning

1. Graphic Organiser Activity
   Use three graphic organisers to depict the three environments of a small or large business. They should list the factors that affect each of the three environments and include examples.

2. Brainstorm Activity
   As a class, discuss what is meant by a ‘natural disaster’, the types that have occurred recently around the world and their possible effect on a business regardless of its size.

3. Internet Research Activity
   Individually or in pairs, use the Internet to find articles on natural disasters and summarise these in relation to their effect on the community. Examples include Hurricane Katrina, New Zealand Earthquakes, Victorian Bushfires in Australia, Indian Ocean Tsunami that affected Southeast Asia.

4. Group Activity
   In groups of four students, brainstorm strategies a business could use to minimise the risk of insolvency and bankruptcy. In your discussions develop a vocabulary list of key terms that relate to business recovery such as: risk management, insurance, bankruptcy, insolvency, budget etc. Share the main points of each group’s discussion with the rest of the class and then develop a mind map summarising the points raised by all the groups.
Active Viewing Guide

Natural disasters and their impact on business

1. Discuss the types of unexpected external challenges a business faces today.

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2. Using the table below, identify the type of disaster and the impact it has had on each of the five businesses referred to in the program.

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<th>Business</th>
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3. List any three of the many questions that need to be answered before a business can start to return to ‘normal’ after a natural disaster.

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Managing a business following a disaster

4. Provide the missing word/s in the following sentences:
   a) After a natural disaster many businesses suffer ________________________________

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b) The path to recovery after a natural disaster for a business ________________________________

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c) Businesses rely on assistance from ______________________ and ______________________ after a natural disaster.

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d) When a business re-opens after a natural disaster it should: ________________________________

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5. Christine Adams the owner/operator of the Marysville Caravan and Holiday Park refers to the importance of marketing as a way to help the business get back on its feet. Evaluate the role of marketing for a business after a disaster such as a bush fire.

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6. Larger businesses have to deal with staffing issues in the aftermath of a natural disaster. Explain how Leopard Coachlines managed their staffing issues.

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7. Maureen Taane talks about putting ‘contingencies in place’ when the HAPA website ordering system fell over following the Christchurch earthquake. Give your understanding of a ‘contingency plan’ and how this would have helped Maureen Taane in this situation.

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Christchurch - business assistance following an earthquake

8. Comment on the role of organisations that specialize in business recovery from natural disasters. Refer to examples from the program.

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The road to recovery after a natural disaster

9. The road to recovery after a natural disaster is not easy. Discuss the progress each of the businesses referred to in the program have made, as they deal with the effects of a natural disaster.

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10. Being disaster ready is a crucial part of managing a business in disaster prone areas. Describe how a business can be disaster ready.

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11. What key advice does each of the five business owners/managers offer as a result of their business surviving a natural disaster?

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Extension Activities

1. Investigation Activity
   Create a table of the different types of insurance on offer to a business. The table should include at least three specific insurance companies and examples of the insurance options they offer to small businesses, especially disaster insurance.

2. Business Research Activity
   Prepare a one-page report on any one of the businesses referred to in the program. In your report include facts about the business and the products or services they offer.
   - Black Spur Inn – Victoria, Australia
   - Marysville Caravan and Holiday Park – Victoria, Australia
   - Leopard Coachlines – Christchurch, New Zealand
   - Hapa Design Store – Christchurch, New Zealand
   - Hummingbird Coffee – Christchurch, New Zealand

3. Movie Review
   Watch the movie ‘The Impossible” which is based on the 2004 Indian Ocean Tsunami and discuss the issues the movie raises. Analyse the impact of this disaster on the tourism industry for Southeast Asia, providing a written magazine article as the assessment task.

4. Disaster Survival Kit for a Business
   Students develop a disaster kit for a business to be ready in the case of an unexpected natural disaster. There are a number of websites online that can be referred to in the development of the kit. The final product could be a computer package or a box that contains a range of information that businesses need to be aware of in the event of a disaster. Students can present their disaster kits to the class in the form of an oral presentation as an additional assessment task.
   Websites online include:

5. Brochure Activity
   Students have a choice of researching one of the following organisations that were referred to in the program and develop a brochure that identifies who the organisation is, and how it helps businesses especially in the event of a natural disaster.
   The organisations are:
   - Restart Project - [http://therestartproject.org](http://therestartproject.org)
   - Recover Canterbury - [www.recovercanterbury.co.nz](http://www.recovercanterbury.co.nz)
Suggested Student Responses

Initiate Prior Learning

1. Graphic Organiser Activity
   Use three graphic organisers to depict the three environments of a small or large business. They should list the factors that affect each of the three environments and include examples. **Answers will vary depending on the type of graphic organisers the student decides to use.**

2. Brainstorm Activity
   As a class, discuss what is meant by a ‘natural disaster’, the types that have occurred recently around the world and their possible affect on a business regardless of its size. **Answers will vary but may include:**
   
   **What is a natural disaster?**
   A natural disaster is a major adverse event resulting from natural processes of the Earth; A natural disaster can cause loss of life or property damage, and typically leaves some economic damage in its wake, the severity of which depends on the affected population’s resilience, or ability to recover – Wikipedia
   
   **Types of natural disaster:**
   Floods, volcanic eruptions, earthquakes, tornados, tsunamis.
   
   **Other types of natural disaster:**
   Bush fires
   
   **Impacts of these types of disasters on a business:**
   - Financial losses
   - Job losses
   - Insurance claims
   - Production of goods or services stops
   - Loss of tourism

3. Internet Research Activity
   Individually or in pairs, use the Internet to find articles on natural disasters and summarise these in relation to their effect on the community. Examples include Hurricane Katrina, New Zealand Earthquakes, Victorian Bushfires in Australia, Indian Ocean Tsunami that affected Southeast Asia. **Answers will vary. Students should look at a range of articles and focus on how the disaster impacted on the community of that area in terms of business, government, people’s lifestyles etc.**
4. Group Activity
In groups of four students, brainstorm strategies a business could use to minimise the risk of insolvency and bankruptcy. In your discussions develop a vocabulary list of key terms that relate to business recovery such as: risk management, insurance, bankruptcy, insolvency, budget etc. Share the main points of each group’s discussion with the rest of the class and then develop a mind map summarising the points raised by all the groups.

Answers will vary but can include the following:

Vocabulary List:

Risk management – the process involved in identifying, controlling and minimising the impact of uncertain events

Insurance - A promise of compensation for specific potential future losses in exchange for a periodic or lump sum payment made by the client to the company each year

Bankruptcy – occurs when a business can no longer pay its creditors. It can occur voluntarily or be forced through a court order

Insolvency – where the business cannot pay all its debts

Budget – a spending and savings plan for an individual or a business

Strategies to ensure that a business keeps operating include:
• cash flow needs to cover the costs of running a business
• manage risks where possible
• look after employees to keep them interested and productive
• be aware of the competition
• prepare a disaster recovery plan
• understanding the customer’s needs and attempt to meet these
• keep costs down and sales up
Active Viewing Guide

Natural disasters and their impact on business

1. Discuss the types of unexpected external challenges a business faces today.
   **The types of unexpected challenges a business faces today include:**
   - new technology which changes customer behaviour
   - global price of steel or oil suddenly increases
   - government creates a new tax
   - a natural disaster such as an earthquake, flood, drought, tornado or fire

2. Using the table below, identify the type of disaster and the impact it has had on each of the five businesses referred to in the program.

<table>
<thead>
<tr>
<th>Business</th>
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<tbody>
<tr>
<td>Black Spur Inn – Marysville, Victoria, Australia</td>
<td>Bushfire – region was closed off; everything was burnt, no opportunity to run a business; became a meeting point for the local community; damage to buildings, electrical damage</td>
</tr>
<tr>
<td>Marysville Caravan and Holiday Park – Victoria, Australia</td>
<td>Bushfire – caravans and cabins were a mass of rubble, asbestos issues, red mud</td>
</tr>
<tr>
<td>Hummingbird Coffee – Christchurch, New Zealand</td>
<td>Earthquake – no staff, no power, no water, no couriers operating</td>
</tr>
<tr>
<td>Leopard Coachlines – Christchurch, New Zealand</td>
<td>Earthquake – CBD was closed so no bus exchange, loss of roads so buses could not operate on some of the normal routes</td>
</tr>
<tr>
<td>Hapa Design Store – Christchurch, New Zealand</td>
<td>Earthquake – website for online store collapsed, website stock trapped in the building</td>
</tr>
</tbody>
</table>
3. List any three of the many questions that need to be answered before a business can start to return to 'normal' after a natural disaster.

Any three of the following:
- what’s the overall damage assessment?
- what’s the financial position?
- can trading still occur?
- what stock, supplies, equipment or other assets have been lost?
- what is recoverable?
- what sort of insurance coverage does the business have?
- how quickly can insurance claims be processed?
- what kind of communication is possible between the business and customers, employees or suppliers?
- was there a disaster preparation plan in place?

Managing a business following a disaster

4. Provide the missing word/s in the following sentences:

a) After a natural disaster many businesses suffer physical damage and financial losses and don’t survive.

b) The path to recovery after a natural disaster for a business is unpredictable, exhausting and requires a huge level of commitment from an owner or manager.

c) Businesses rely on assistance from local organisations and governments after a natural disaster.

d) When a business re-opens after a natural disaster it should: know what its priorities are and where to allocate its resources.

5. Christine Adams the owner/operator of the Marysville Caravan and Holiday Park refers to the importance of marketing as a way to help the business get back on its feet. Evaluate the role of marketing for a business after a disaster such as a bush fire.

Marketing refers to getting the right product or service in the right quantity, to the right place, at the right time and making a profit in the process. It is all about identifying and understanding your customers and giving them what they want. In the case of the Marysville businesses after the fires, it was about sending the message both locally and overseas that Marysville was still a viable tourist destination and open for business. For Christine and the caravan park it’s about getting the message out there that the park is fully operational and people can stay there. Despite the cost of promotion it needs to be done to ensure the very survival of businesses like the caravan park.

6. Larger businesses have to deal with staffing issues in the aftermath of a natural disaster. Explain how Leopard Coachlines managed their staffing issues.

The government offered subsidies for full and part-time workers preventing redundancies at Leopard Coachlines. There were some voluntary resignations as well as shortened work shifts to enable people to keep their jobs during the recovery and rebuilding process.

7. Maureen Taane talks about putting ‘contingencies in place’ when the HAPA website ordering system fell over following the Christchurch earthquake. Give your understanding of a ‘contingency plan’ and how this would have helped Maureen Taane in this situation.

A contingency plan is a process that prepares a business to respond to any unplanned event. For Maureen Taane a contingency plan would have helped keep the website operating.
Christchurch - business assistance following an earthquake

8. Comment on the role of organisations that specialize in business recovery from natural disasters. Refer to examples from the program.

Most businesses rely on insurance protection during times of natural disasters but this is a long term process and businesses need to be more aware of what cover they do have under their current policies. So organisations that specialise in business recovery play a significant role. In New Zealand the Restart Project and Recover Canterbury both offered vital support for businesses to re-establish themselves. It is essential that activity returns to the area of devastation within six to nine months to prevent further problems. Restart offer grants to help small businesses through their trust fund providing interest free loans, assistance with strategic planning, marketing plans and website upgrades etc.

The road to recovery after a natural disaster

9. The road to recovery after a natural disaster is not easy. Discuss the progress each of the businesses referred to in the program have made as they deal with the effects of a natural disaster.

- **Black Spur Inn – Marysville, Victoria, Australia**
  Still operating, did initially run at a loss for over 12 months but were expecting to get back to normal.

- **Marysville Caravan and Holiday Park – Victoria, Australia**
  Slowly back in operation with suppliers delivering again.

- **Hummingbird Coffee – Christchurch, New Zealand**
  Set up business and getting back to normal

- **Leopard Coachlines – Christchurch, New Zealand**
  Up and running 12 hours after a disaster. Back to a fully operational bus service. Records now kept digitally

- **Hapa Design Store – Christchurch, New Zealand**
  Business as usual with local customer support

10. Being disaster ready is a crucial part of managing a business in disaster prone areas. Describe how a business can be disaster ready.

A business needs to have a robust disaster recovery plan. This includes having:

- off-site service
- alternative means of suppliers
- equipment that is ready to go in times of disaster
- set up your business to be able to operate remotely regardless of what happens to the actual physical premises
11. What key advice does each of the five business owners/managers offer as a result of their business surviving a natural disaster?

- **Black Spur Inn – Marysville, Victoria, Australia**
  Focus is to offer a very good service with exceptional standards in food, good quality accommodation and ensure that all customer expectations are met.

- **Marysville Caravan and Holiday Park – Victoria, Australia**
  Use social media to promote the business and gain customer feedback, which has been quite positive.

- **Hummingbird Coffee – Christchurch, New Zealand**
  Be inventive, provide a positive experience for tourists to want to come back

- **Leopard Coachlines – Christchurch, New Zealand**
  Changed the way you store data – not just paper copies but electronic backups safely stored just in case the unexpected happens again

- **Hapa Design Store – Christchurch, New Zealand**
  Attract local support to ensure that the money spent at the store goes back into supporting the local economy