

SMALL BUSINESS AND NATURAL DISASTERS

This series of fact sheets focuses on results of the Small Business Needs Assessment, completed by the Center for Rural Affairs in 2019. Small businesses and small business providers in Nebraska are surveyed every two years to determine their needs.

307

RESPONSES

In 2019, Nebraska experienced historic flooding.

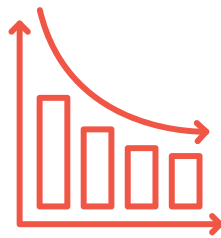
- The “bomb cyclone” and simultaneous snow melt in March caused more than \$2.6 billion in damage alone.¹
- This single flood resulted in 1,500 miles of highway underwater and 14 bridges destroyed.²
- 2019 flooding and blizzards cost Nebraska more than \$3.4 billion.³

The Small Business Needs Assessment indicated remarkable resiliency by Nebraska small businesses that took the survey.

Business owner respondents were asked if their businesses were affected by natural disasters in their region:



TEMPORARY BUSINESS CLOSURE (5.9%)



LOSS OF INVENTORY (4.2%)



PHYSICAL DAMAGE (10.1%)



OTHER (14.3%)

Fortunately, the vast majority of businesses surveyed were not affected by natural disasters. Several of the “Other” responses involved loss of income and loss of clientele due to travel issues. These results are more positive than the statistical average nationwide, which could mean:

- Survey respondents are all Center for Rural Affairs’ Rural Enterprise Assistance Project recipients and they receive a suite of assistance as part of the loan process which may have built their resiliency.
- Respondents are from all over the state and not necessarily concentrated in areas hit hardest by natural disasters.
- One possibility could be that those most affected have closed their business and moved onto something else.

Sources

¹ Gaarder, Nancy. “An unprecedented event”: Nebraska’s losses from 2019 flooding, blizzard exceed \$3.4 billion.” BH News Service, North Platte Telegraph, Jan. 15, 2020, nptelegraph.com/townnews/politics/an-unprecedented-event-nebraska-s-losses-from-flooding-blizzard-exceed/article_ef0eadc1-8fec-59cf-9c56-7df3f1a89994.html. Accessed March 2020.

² Smith, Mitch. “Like ‘House Arrest’: Flooded Roads and Swamped Bridges Strand Nebraskans.” New York Times, March 19, 2019, [nytimes.com/2019/03/19/us/nebraska-flooding-roads.html?module=inline](https://www.nytimes.com/2019/03/19/us/nebraska-flooding-roads.html?module=inline). Accessed March 2020.

³ Gaarder, Nancy. “An unprecedented event”: Nebraska’s losses from 2019 flooding, blizzard exceed \$3.4 billion.” BH News Service, North Platte Telegraph, Jan. 15, 2020, nptelegraph.com/townnews/politics/an-unprecedented-event-nebraska-s-losses-from-flooding-blizzard-exceed/article_ef0eadc1-8fec-59cf-9c56-7df3f1a89994.html. Accessed March 2020.





Devastating flooding is increasingly more common, and small businesses need to prepare to mitigate the damage.

A dramatic increase of \$1 billion disasters in recent years signal a greater need for preparation to survive the next storm. According to the National Oceanic and Atmospheric Administration, from 1980 to 2018, the average number of \$1 billion disasters was 6.2 events. From 2016 to 2018, the average nearly tripled to 15 disasters costing communities more than \$1 billion each.⁴

By the numbers, a disaster's effect on small businesses:

- **40 percent** – the number of small businesses that never reopen from a natural disaster.⁵
- **25 percent** – the number of small businesses that fail within a year after a disaster, even if they do reopen.⁶
- **1.1 million** – the number of businesses in 212 Midwestern counties damaged by the March 2019 flooding.⁷
- **\$3,000** – the median amount a small business loses for each day it is closed because of a storm.⁸

What can be done?

- **Prevention:** There is a 600 percent return on federal mitigation investment.⁹
- **Diversify:** Have income from several sources so the business is more resilient if traffic is shut down or the office is flooded. For example, could your restaurant get a food truck? Could the accounting firm provide consultations or work remotely?
- **Technology:** Use the cloud to back up records remotely and do business online.
- **Insurance:** The primary way businesses manage risk is insurance. Speak with an agent to see if you have coverage for floods and business interruption insurance.
- **Build climate resiliency:** with the Center for Rural Affairs' Climate Resiliency Guides.¹⁰
- **Ready.gov** has state specific resources for disaster prep.

Sources

⁴ "Billion-Dollar Weather and Climate Disasters: Events." National Centers for Environmental Information, National Oceanic and Atmospheric Administration, [ncdc.noaa.gov/billions/events](https://www.ncdc.noaa.gov/billions/events). Accessed March 2020.

⁵ "Stay in Business after a Disaster by Planning Ahead." Federal Emergency Management Agency, Oct. 30, 2018, [fema.gov/news-release/2018/10/30/stay-business-after-disaster-planning-ahead](https://www.fema.gov/news-release/2018/10/30/stay-business-after-disaster-planning-ahead). Accessed March 2020.

⁶ "Protecting Your Businesses." Federal Emergency Management Agency, [fema.gov/protecting-your-businesses](https://www.fema.gov/protecting-your-businesses). Accessed March 2020.

⁷ "More Than 1,600 Businesses Impacted by Midwest Floods." All Business, [allbusiness.com/more-than-1600-businesses-impacted-by-midwest-floods-11381637-1.html](https://www.allbusiness.com/more-than-1600-businesses-impacted-by-midwest-floods-11381637-1.html). Accessed March 2020.

⁸ "Climate Change Preparedness and the Small Business Sector." Small Business Majority, July 25, 2013, [smallbusinessmajority.org/our-research/clean-energy-economy/climate-change-preparedness-and-small-business-sector](https://www.smallbusinessmajority.org/our-research/clean-energy-economy/climate-change-preparedness-and-small-business-sector). Accessed March 2020.

⁹ Oliver-Smith, Anthony. "Disasters and Large-Scale Population Dislocations: International and National Responses." Oxford Research Encyclopedia of Natural Hazard Science, Feb. 7, 2019, [un.org/development/desa/dpad/wp-content/uploads/sites/45/EGM2019_displacement.pdf](https://www.oxford.com/view/10.1093/acrefworld/nab012). Accessed March 2020.

¹⁰ Bergman, Kayla. "Building Climate Resiliency." Center for Rural Affairs, Jan. 17, 2020, [cfra.org/publications/BuildingClimateResiliency](https://www.cfra.org/publications/BuildingClimateResiliency). Accessed March 2020.

