



July/August 2024

THE MOTOR DEALER REPORT FROM AUSWILD & CO

PO Box 527 Kogarah NSW 1485

Chartered Accountants and Dealer Management Services

Website: www.auswild.com.au

Telephone: (02) 9588 0100

Facsimile: (02) 9588 7865

IS YOUR DEALERSHIP READY FOR A DISASTER?

Automotive dealerships, like many other businesses, are vulnerable to various disruptive disasters, both natural and man-made. Each type of disaster can have a sudden and devastating impact on the business, making advanced planning critical for mitigating risks and ensuring swift recovery.

Here's a look at the different kinds of disasters and their potential effects:

Natural Disasters

- Floods
- Bush fires

Man-Made Disasters

- Fires
- Cybersecurity Attacks
- Workplace Violence
- Chemical Spills and Environmental Hazards

The Imperative of Planning Ahead

The sudden and severe impact of these disasters underscores the importance of proactive planning. Without a well-thought-out disaster recovery plan, automotive dealerships face significant risks to their operations, finances, and reputation. Advanced planning helps to:

- **Ensure Business Continuity:** By having contingency plans in place, dealerships can quickly resume operations, minimising downtime and financial losses.
- **Protect Lives and Assets:** Effective emergency response plans prioritise the safety of employees and customers while also protecting valuable assets.
- **Enhance Resilience:** Preparedness measures enable dealerships to respond more effectively to unexpected events, fostering resilience and long-term sustainability.

Risk Assessment and Preparedness

- Identify potential risks specific to your location and dealership.
- Develop detailed plans for various scenarios, including fires, chemical spills, and natural disasters.
- Designate safe areas for shelter and ensure evacuation routes are clear.
- Establish protocols for lockdowns in case of violent incidents.

Cybersecurity Measures

- Implement robust cybersecurity measures to protect dealership data.
- Regularly update and test cybersecurity protocols, including plans for data backup and recovery.

Insurance Review

- Annually review insurance policies to ensure adequate coverage for all potential disasters.
- Verify that the valuation of assets, including buildings and inventories, is current.

Human Impact Management

- Maintain a current list of employee contact information, including phone numbers and email addresses. Store this information securely on the cloud and ensure it is accessible off-site.
- Practice mass communication strategies, such as text messaging, to quickly inform employees of the situation.
- Assign department managers to check on employees' well-being post-disaster and provide assistance if needed.
- Designate a communication line for employees to report their status and needs.
- Pre-assign roles for protecting dealership assets, such as securing data, titles, and finance contracts, and shutting down critical systems.
- Understand federal and state laws regarding employee leave and termination to avoid legal issues.
- Develop a payroll backup plan to ensure continuity in case of system failures.

Property and Asset Protection

- Stock up on essential supplies such as potable water, batteries, and backup power sources.
- Keep tools like chainsaws, shovels, and tarps readily available.
- Ensure the availability of generators to maintain operations during power outages.
- Implement off-site data backup solutions to safeguard critical information.
- Prepare to move or protect computers and other sensitive equipment from potential damage.
- Secure cabinets and unplug electrical appliances to prevent damage during a disaster.
- Maintain a site map indicating shut-off valves for utilities and the location of fire extinguishers and first aid supplies.
- Regularly inspect and clear roof drains to prevent flooding.
- Have a plan to protect windows and doors in case of severe weather.
- Inform local law enforcement if the facility will be unoccupied or if security guards will be present.

Business Continuity Planning

- Keep an updated list of suppliers, equipment vendors, and contractors to facilitate quick repairs and replacements.
- Understand the terms of your business interruption insurance to ensure coverage during downtime.
- Maintain a sufficient line of credit to manage cash flow disruptions.
- Prepare manual workarounds for essential business functions, such as paper write-up sheets for service departments.

Continuous Improvement

Regularly review and update disaster recovery plans to adapt to new risks and improve preparedness. Conduct annual reviews of insurance policies and emergency plans. Regularly practice and refine communication and evacuation drills. Update and secure all necessary documentation, including site maps and employee contact lists.

By implementing these strategies, dealerships can better prepare for future disasters and ensure a more effective and efficient recovery process.

*This article was adapted from a **DealersEdge** post on Business Disasters.*

For additional information, please contact your
Auswild Dealer Management Services Team

Vincent Choy James Dick Lee Payne

(02) 9588 0100

Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without prior approval.