



Y2K: Get Ready 'Cause Here I Come

For those of you who have been in a coma for the past few years, “Y2K” is not shorthand for “You’re Too Kind” or the Periodic Table of Element’s symbol for Vaseline or even a new song by “The Artist everyone still refers to as Prince.”

Y2K is the universal term for the computer glitch that’s expected to occur when the clock strikes midnight on December 31, 1999, ushering in the new millennium.

Given our global reliance on computers to perform many vital day-to-day tasks, the effects of the “Y2K Bug” are expected to be far more reaching than a wrong expiration date on your credit card or an invalid shipping date on an invoice. Most of the Y2K hoopla centers on a fear that banks and other financial institutions will lose track of our money, utility companies will blow up due to power surges, planes will fall from the sky because of overdue main-

tenance needs, and worse, essentials for living (food, water, prescription drugs) will cease to be available.

There has been much debate, however, whether these fears are founded or simply media hype. Irrespective of who’s right or wrong, who did what, or the actual degree of the Y2K problem, this much I know for sure: (1) The Y2K problem is real, and (2) those who choose to ignore the opportunity to fix their company’s potential Y2K problems are putting their business and family at great risk for financial harm.

How **did** this Y2K dilemma begin? How do you know whether

you have a Y2K problem? How can you fix it? Is it too late anyway? Let’s try to answer these questions.

In the Town Where I Was Born...

...lived a man who sailed the sea. But before that, he was a computer programmer. And one of the programming rules 30 years ago was that you used a six-digit date (11-01-69) instead of an eight-digit date (11-01-1969).

In the old world of COBOL programming on big IBM mainframe computers, hard-disk drives were very expensive, making disk space a valuable commodity. Even on the early IBM PC’s (circa 1982), disk space was not in abundance. Accordingly, disk space could be conserved by using six-digit dates instead of eight-digit dates. Only one **problem**—when the computer sorts three different dates like 11-01-99, 12-01-99 and 01-01-00, it thinks the

correct chronological order is:

- 01-01-00 (January 1, 1900)
- 11-01-99 (November 1, 1999)
- 12-01-99 (December 1, 1999)

So a (non Y2K compliant) computer-controlled medical device that is programmed to stop working if maintenance lapses for more than one year, will in fact stop working on January 1st, 2000, even though it may have been serviced in December, 1999. It stops working because it thinks it hasn't been serviced for 100 years!

The estimated cost of potential damages from Y2K-related system failures exceeds 1 trillion dollars, according to Dr. Evil. Other experts such as Deutsche Bank's chief economist, Dr. Ed Yardeni, agree, placing the odds of a Y2K-spawned worldwide recession at 40 percent.

From Small Business to No Business

As the public and our government grew wise to the Y2K problem during the past few years, they started demanding timely software changes for highly-regulated businesses potentially infected with the Y2K bug. Banks, investment firms and insurance companies were forced to spend billions fixing their internal accounting software. Banks, in turn, started requiring their borrowing customers to make the same software changes. Various trade customers and vendors started requiring proof of Y2K compliance from each other, via written guarantees and financial statement disclosures.

By contrast, however, an estimated 3.3 million small businesses—particularly retailers—have waited until the very last minute to fix their Y2K problems, according to International Data Corp. (IDC). Too many small businesses have taken a lax attitude towards fixing the Y2K problems that may be lurking in their computer, accounting, point-of-sale and telecommunications systems.

Unfortunately, Y2K planning for small businesses is not just about fixing PCs. It's about having a contingency plan in case their suppliers dry up, their utilities go on the blink or their customers can't pay their bills on time (if at all). A proper Y2K plan includes being able to continue doing business if problems last for a few days, a few weeks or a few months.

Plan for the Worst

Of course, for every expert claiming Armageddon, there's an expert that says most of the systems that fail will be corrected within a week. That said, there are a few steps that can be taken to prepare for any major or minor Y2K glitches that may arise. Here's what you should be doing in the remaining days of 1999:

- **Upgrade or replace your computer hardware.** If your PC was manufactured after 1996, your computer will most likely continue to operate. Even if you own the oldest Macintosh computer, it's still Y2K ready—Apple was smart enough to properly write their system software.

Frankly, given the "high power" and correlating "low cost" of today's PCs, it makes no sense for the typical music retailer to fix or upgrade a pre-'97 machine. Stop whining and go buy (or lease) a new one. The cost to buy a new PC is far less than the costs you'll incur caused by the old one. To see which computer models need upgrading or replacing, check the National Standards Testing Laboratories website (www.nstl.com), as well as the various computer manufacturer websites (i.e., www.dell.com).

A number of software vendors have developed inexpensive packages that identify and guide you to fixing Y2K problems on your PC. One of the more popular packages is "Norton 2000" from Symantec (www.symantec.com). Also, check out www.microsoft.com/y2k for some free Y2K software tools.

- **Upgrade your most critical software.** Determine the software applications

most critical to the survival of your business (probably your accounting and point-of-sale software). Contact the software developers to find out whether their applications will continue to work after the new year. Most software developers list their Y2K compliance status on their websites.

Protect yourself by getting written confirmation that their software is Y2K compliant, and share that confirmation with your bankers, vendors and customers. If you determine their software is not compliant, make a change now.

As you are reading this article, your time is running out. But that's not reason enough not to try and fix the problem. For most retailers, the search for a proper software solution should only take a few days.

- **Develop manual processes for critical business functions.** Focus on the areas that will absolutely sink your company if the Y2K bug affects their operation. These areas could include a malfunction of your telephone system, inter-store communications, payroll processing and inventory warehousing. If the power goes out or your computer system fails, can you keep the doors open?

Make a list of those things that your business depends on, and find alternatives to those first. If your point-of-sale registers and scanners don't work, plan to use adding machines and manually prepared invoices. Think about buying a generator in case you lose power. A little planning can go a long way to help assure you stay in business while the Y2K problems beyond your control get fixed in the days following January 1, 2000.

- **Line-up alternate suppliers.** Now's the time to get in touch with your suppliers and request a written guarantee that they will provide the same service and/or product if their computers fail. Each supplier should explicitly state what their company has done to assure sup-

plies will be delivered on time if a Y2K problem should arise. Don't accept vague responses.

If you don't feel comfortable with what a supplier is telling you, either stock up on their product and/or start looking for an alternate supplier for that or a similar item. But instead of trying to forge new, last-minute relationships on your own, contact a competitor who may depend on the same item and work together in searching for vendors that are prepared for any impending disaster.

• **Establish an emergency fund.** Retailers should plan to have enough cash on hand to cover unexpected interruptions in business operations and be able to meet payroll for at least two weeks. Instead of tapping vital lines of credit, consider turning to the Small Business Administration (SBA), which is offering "Y2K Action Loans" through December 31st, 2000. These federally guaranteed loans (available for as much as \$750,000) can be used to pay for repairing or purchasing computer hardware and software, as well as the cost incurred by power outages and other Y2K related problems. The loans also contain up to a one-year moratorium on principle payments. Check out the SBA's website at www.sba.gov.

• **Check your company's telephone lines.** While the FCC believes the major phone companies are in good shape for Y2K, they are concerned about smaller telecommunication providers. Accordingly, make sure your telephone carrier is Y2K compliant. If it isn't, switch to a larger carrier. Don't forget to check your internal telephone system to make sure it will still handle incoming and outgoing calls, internal call routing, voice mail and other system functions after January 1st. Also, make sure your company has at least one outside line (i.e. fax line)

not tied into your phone system.

• **Send and receive shipments early.** All of the major package delivery and postal carriers (Airborne, FedEx, DHL, UPS and the U.S. Postal Service) may face problems in January if airports, air-traffic-control systems, airlines or utilities experience Y2K problems. To avoid possible delivery problems, consider sending or receiving critical shipments prior to December 31st.

• **Get your files in order.** Make certain that you have paper copies of important business documents, including insurance policies, accounts receivable and payable reports, payroll records, bank statements, tax returns and cancelled checks. Given that the IRS is expecting to experience problems, it's important to keep copies of all tax filings and payments to fight back if questioned by the IRS. Because it's possible for any entity to make a mistake processing any transaction that affects the next year (i.e. dated payment and ship dates), you'll want to start checking invoices, bills and other transactions today.

• **Prepare for emergencies.** Contact your landlord to make sure that your store's security systems, elevators, electricity, heating and air conditioning systems will operate on January 1. You should also find out how your local community organizations (Chamber of Commerce, YMCA, fire department) can help you and your business in the event of a Y2K-related disaster. Check out



the Red Cross website for its Y2K Preparation Checklist at: www.red-cross.org/disaster/safety/y2k.html.

Some Final Thoughts

The internet is undoubtedly the best source for guiding you on Y2K compliance. There are a multitude of great Y2K resource websites covering a variety of important Y2K topics, vital information and up-to-date news items. Here's just a few of the many helpful sites to check out: www.Y2Kbase.com, www.Y2Ktimebomb.com, www.fema.gov/y2k and www.download.com.

So take care of your Y2K issues now. Then you can "party like it's 1999" as the rest of the world blows up.



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