

Crisis Management- Minimizing the Impact



Business Survival Strategies for Today's Threats

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Crisis Management Session Objectives

- By the end of this session, you should be able to:
 - Examine your own facility for how well prepared you are for 'unforeseen' emergencies
 - Understand aspects to consider in a vulnerability assessment and be able to translate those at your hotel
 - Find tools, resources, methods for improving YOUR plan!

What we will not be covering

- What this session is NOT:
 - A recipe to give you a ready-made plan
 - A tactical overview of how to respond to emergencies
 - A comprehensive analysis of **all** business types and considerations

What Is a Crisis?

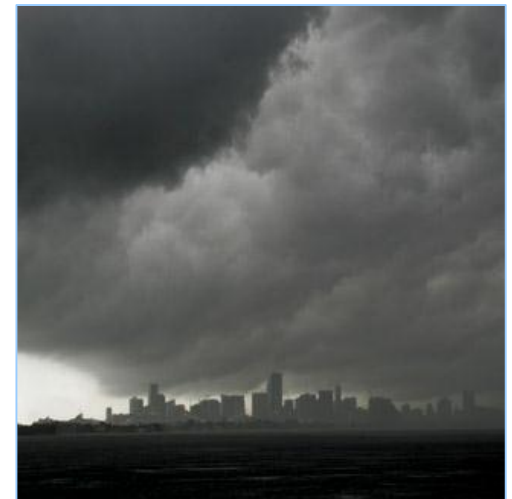
- Represents a failure of conventional thinking*
- A serious breakdown or malfunction between people, organizations, and technologies
- Preparedness requires planning for the unthinkable - low probability but high consequence events
- Only 40% of small businesses recover**

* Modified from MITROFF, CRISIS LEADERSHIP, 2004

** American Red Cross

Among the More 'Memorable' Events

- 9/11/01 WTC attack; Okla. City **bombing**
- Chernobyl **nuclear** disaster
- Columbine, Paducah, Va. Tech, NIU **shootings**
- Mississippi Valley **floods** of '92 and '08
- **Mudslides/wildfires**- Western US
- Miller Park **crane collapse**
- **Hurricane** Katrina and **cyclone** @ Myanmar
- **Avian Flu, SARs, MRSA**
- Tomato, Spinach, Green Onions (**salmonella & E coli**)
- Sago **mine collapse**
- Indonesia **tsunami**, China **earthquake**
- Imperial Sugar **refinery explosion**
- Enron, AIG **meltdown, etc.**
- Sandy Hook Elementary school **shooting**
- Moore, OK; **EF5 tornado**
- Boston Marathon **bombing**
- **YOUR** workforce and **YOUR** workplace!!!

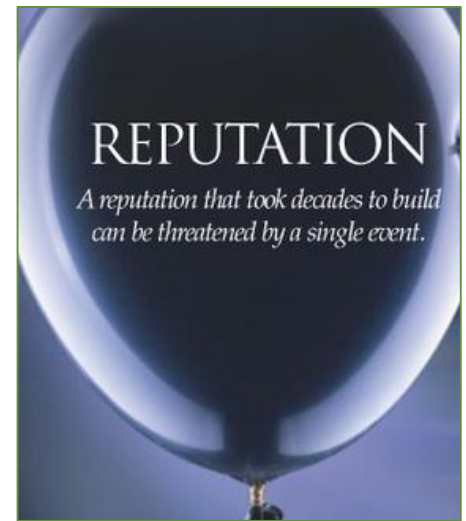


What Has History Taught Us?



- Everyone and anyone can face disaster **anytime**-
 - Fire, hurricane, terror, flood, product recall, workplace violence, corruption...
- No one is immune to disaster.
- Businesses, reputations, livelihoods, property, lives, and health... are **all** at risk.
- Lessons are learned, but **are we more prepared?**

History's Quest- Avoid Repeating the Past



- *Greatest threat to business is reputational risk!*

(2004 Price-Waterhouse Coopers survey)

- High \$ associated ignoring reputation impact early, especially in crises:
 - Exxon—Valdez spill--\$16 billion (with a 'b')
 - Ford/Firestone—Product recall--\$5 billion
 - Chi Chi's—E coli green onions—out of business

Emerging Threats to Your Business

- Increased crime/security breaches
 - Emerging Technology
 - E commerce reliance
 - Cyber security, identify theft
 - Nanotechnology
 - Internal and external, domestic and foreign
- Climate change, fuel prices,
 - Flood patterns, fire potential, wind effects, quakes, etc.
 - Transportation efficiency and carrier demands
- Changing demographics
 - Pop. density, disease mutations, 'sharing' spaces
 - International travel and global 'shrinking'
 - Difficulty isolating pathogens, source, mitigation
 - Changes in the 'honesty pool' (?)
 - Time element and perpetual changes
- Operational differences?



Loss Exposures - Operations – GL Coverage A Hospitality Operations (Sample Partial List)

Negligent hiring may lead to third party injury, property damage or other damage.

Sponsorship Liability-
special events/trade
shows-crowd control,
security, liquor liability,
food service, access
control.

Construction,
Renovations,
Maintenance and Repair
causing third party injury
and or property damage.

Equipment Rental
causing third party injury
and or property damage.

Mold, bed bugs, insects,
animal attacks, etc.

Negligent Security

Negligent life safety and
emergency response

Negligent Management
of Amenities and Tenant
Privileges

Vicarious liability for acts
of employees and
contractors

Theft of property of
invitee

Dram Shop (Liquor law
Legal Liability)

Valet and courtesy van

Your Primary Business Objectives...

1. Preservation of **your Business-**

- Protect your employees – a vital asset
 - Secure in place or evacuate
 - Provide prompt medical attention
 - Consider basic needs-- water, shelter, clean air, warmth

2. Preservation of **your Customers-**

- Protect your investment (e.g., equip, supplies, bldg)
 - Backup provisions? Offsite or duplicate processes? Staff?
 - Records and data security?
 - Insurance and contract provisions? Vendors?

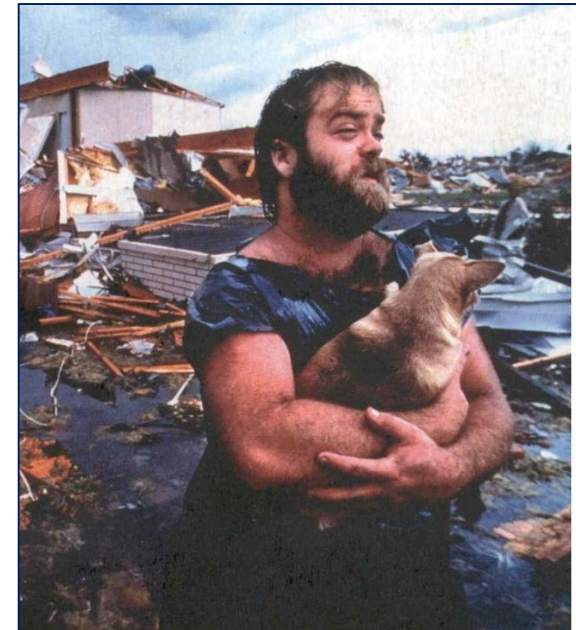
3. Preservation of **your Reputation-**

- Talk with your people, community, staff, agencies
- Create a social media crisis policy

Crisis Pre-Planning for Disability

Per 11/01 Harris Poll commissioned by the National Organization on Disability:

- **58% of people with disabilities do not know whom to contact about emergency plans in their community**
- **61% of person with disabilities have not made plans to quickly and safely evacuate their homes; and**
- **Among those people with disabilities employed full or part time, 50% say no plans have been made to safely evacuate their workplace**



NOTE- All percentages in this poll were higher for people with disabilities than their non-disabled counterparts.

The Human Element: Employees

- Meet with HR and Building/ Safety staff to pre-plan emergency contingencies
- Use individualized approach for evacuation that fits each person with a disability, per-
 - Types of emergencies that may occur; and
 - Location of the employees during these emergencies
- Update/ transfer the plan where employee may be transferred within the company



SOURCE- The National Business & Disability Council has published a new manual entitled “Emergency Evacuation Preparation Checklist to Include People with Disabilities” (2002)

Disaster & Emergency Management- NFPA 1600- 2007*

- Mitigate ~ Prevent or Reduce Vulnerabilities to Events
- Prepare ~ Have a Plan
- Respond ~ Execute the Plan
- Recover ~ Implement Operations Post Event

* Included with your materials



NOTE- only 3 of 46 pages are the standard itself- most devoted to annexes, sample analysis, and resources.

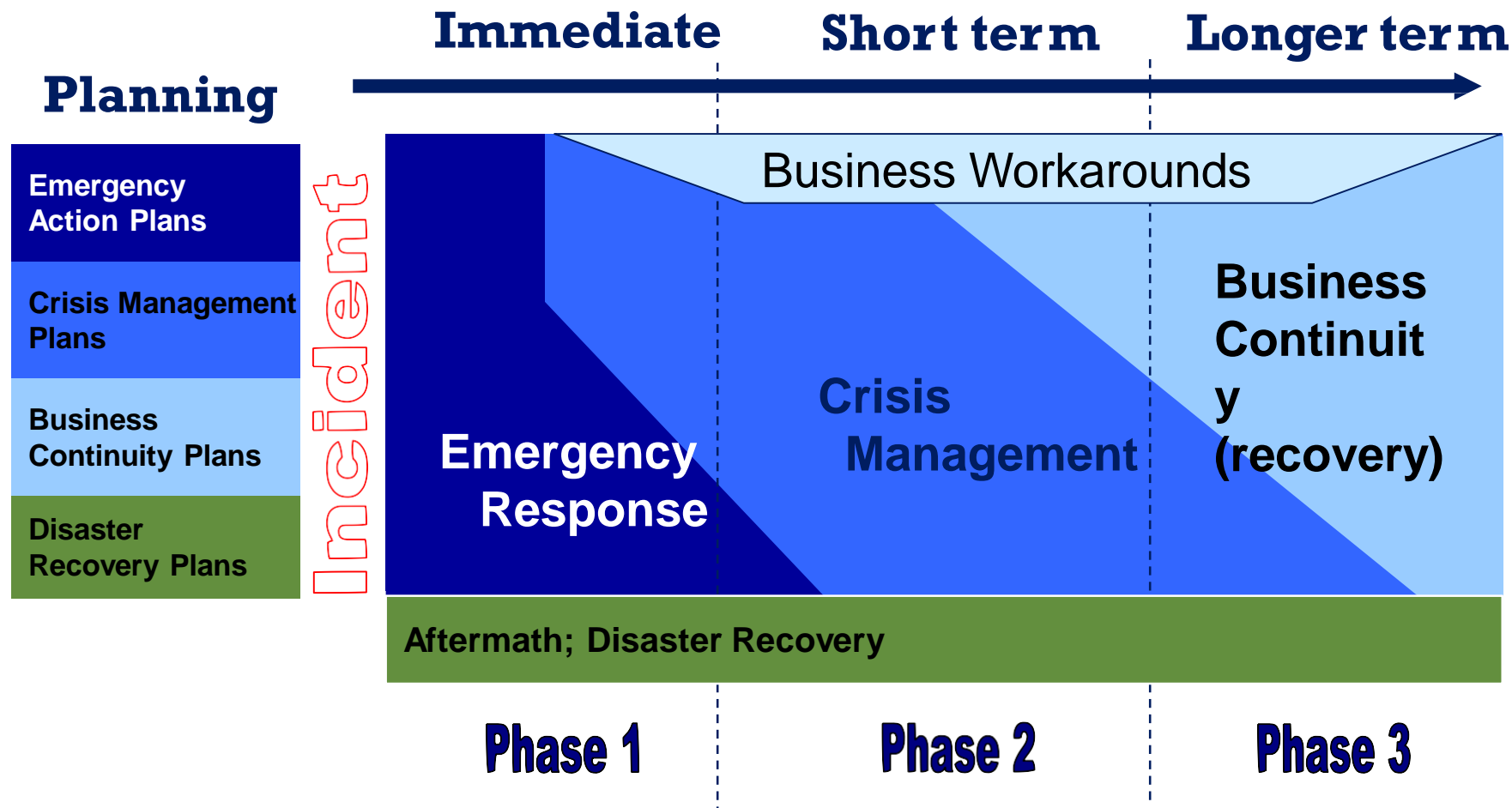


National Fire
Protection Association

The authority on fire, electrical, and building safety

Mission of Business Continuity Program:

Minimize financial and operational impacts by supporting an integrated companywide business continuity framework



Phase 1 – Emergency Response

(Minutes to Hours)

Plans Needed – Office Emergency Action Plan

Plan Objectives:

- **Secure** the areas affected
- Contain the incident
- Accounting for everyone
- Minimize:
 - injury (life safety)
 - property damage
 - overall event impact
- Coordinate with responding public agencies
- Communicate with other departments and site leadership

Plan Elements:

- Formal ER Plan & Team(s)
- Tested evacuation & response plans
- Communications plan
- Adequate emergency supplies
- Coordinated on-site activities and interaction with responding public agencies
- Emergency medical care, shelter, transportation, food/water
- Escalation assessment

Phase 2 – Crisis Management

(Hours to Days)

Plan Needed – Crisis Management Plan

Plan Objectives:

- **Restart** operations as quickly as possible
- Provide leadership, guidance
- Assess & prioritize recovery and damage
 - Department, Line, Site level
 - Division or Corporate impact
- Allocate resources (staff, equipment, & services)
- Effective communications, (utilities, sanitation, PR statement, department, public health, security, medical triage supply chain players, legal and insurance contacts)

Plan Elements:

- Crisis Management leadership team
- Critical business processes identified
- Notification procedures
- Team meeting space
- Subject matter experts for critical operations/functions
- Identified roles and responsibilities
- Required Resources – staff, vendors, records, critical equipment, etc.
- Verify key customers and suppliers, contemplate delays

Phase 3 – Business Continuity / Recovery

(Days to Months)

Plan Needed – Functional Business Continuity Plan

Plan Objectives:

- **Restore** operations to pre-incident levels as efficiently as possible
- Continuity of critical operations (storage, time element, inventory, financial records, data mgmt, shipping, storage)
- Guidance to align recovery activities, plans stay on track, coordinate key services
- Maintain communications with employees, customers, corporate offices

Plan Elements:

- Function recovery teams
- Recovery time objectives
- Recovery strategies & tasks for various loss types:
 - Location
 - Personnel
 - Network
 - Supply chain players
 - Special Equipment
 - Telecom
 - Regulatory
 - Legal
- Critical resources identified
- Call lists

Beginning to Plan; A Four-Step Process

1. Assemble a competent team

- Clearly **define leadership**, functions, roles & duties
- Provide suitable budget, schedule, authority

2. Analyze risk, exposures, and vulnerabilities

- Max # staff, building const, # floors, % occupied, prot.?
- Current procedures (e.g., employee travel policy)
- Internal expertise and outside resources
- Critical operations/activities/services/security and capabilities

3. Develop the Plan

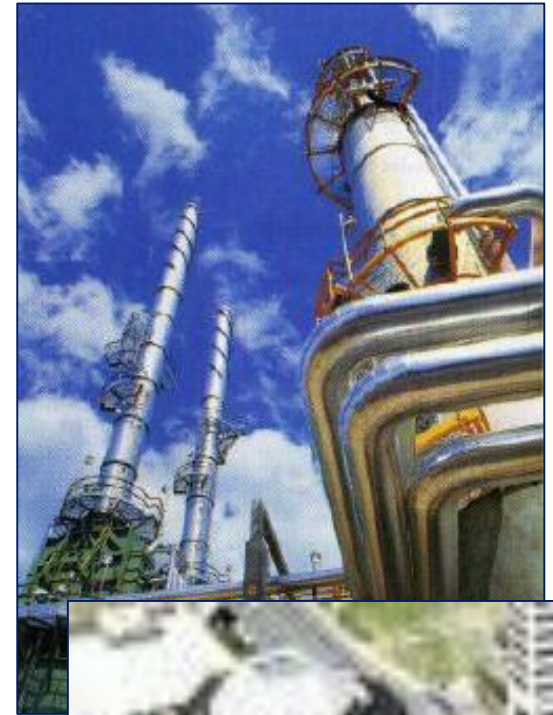
- What is necessary to improve your risk and minimize bus. impact?
- In writing, include training schedules
- Coordinate with local, state & federal agencies

4. Implement and Adjust the Plan

- Integrate, communicate, evaluate (test & modify)

Focus on Performing a Vulnerability Assessment

- Balancing crisis impact
 - Examine what and who is at risk
 - Brainstorm how disaster could happen
 - Avoid discounting remote probability
- Examine potential scenarios of-
 - BEFORE- Pre Event Plans
 - DURING- Event Security and Threat Assessment
 - AFTER- Post Event Aftermath
- Identify resources and capabilities to protect assets, customers, people, AND reputation!



Performing a Vulnerability Assessment

1. List and define-

- Source and Consequences (natural and internal)
[What is Conceivable vs. What is Likely?]
- Identify key sources of business loss/ financial impact.
 - Business Element Crises (e.g., power loss, supply delay...)
 - WPV or Terrorism (short and longer term impact)

2. Determine risk of geographic proximity & impact-

- Nearby exposure to other operations, natural hazards, icons, hubs, landmarks, etc.

3. Prioritize vulnerability within **current capabilities**

- Use risk assessment matrix (probability, impact, res.)

Vulnerability Analysis- Scoring Logic

EVENT	PROBABILITY	RESOURCES- INTERNAL	RESOURCES- EXTERNAL	IMPACT-HUMAN	IMPACT- BUSINESS	IMPACT- PROPERTY	IMPACT- ENVIRONMENT	TOTAL
	HI 5/ LOW 1	FEW 5/MANY 1	FEW 5/MANY 1	FEW 5/MANY 1	FEW 5/MANY 1	HI 5/ LOW 1	HI 5/ LOW 1	
Robbery	5	3	2	4	3	4	1	22
Weather Disaster	4							
Water Damage/Pipe Rupture	2							
Guest Assault	3							
Drowning	1							
Norovirus Incident	3							

- What's YOUR Priority?

Vital Elements to Examine Current Risk

1. Crisis management preparedness
2. Egress and occupant evacuation
3. Facility security
4. Business continuity, recovery, and restoration
5. Natural disaster preparedness
6. Communications, alarms and notifications, public relations, and resources
7. Workplace violence, threats, and terrorism



Additional Elements to Consider

- Special amenities and events
 - Recreational venues, resorts, or outings
 - Daycare (adult or child)
 - Food services (catering, carryout, room service)
 - Extended stay operations
 - Conventions, expos, dances, concerts
- Additional scrutiny should affect-
 - Service and support vendors-
 - Sources of risk (infiltration, toxins, staff/patrons/product exposure)
 - Crisis containment (players, proximity, isolate and remove, secure)
 - Business continuity (backup resources, records, inventory supplies)
 - Risk transfer (contracts, insurance clauses, spread of risk, etc.)
 - External agencies and authorities to contact (LE, PH, security, ISP)
 - Media relations and vital updates (internal/external)
 - Prepare for every phase of an event with clear developed plans and training

Does Your Plan Work?

- Benchmark an annual review to update your plan
- Practice and critique the plan several times a year.
- Modify plan and determine effectiveness.
 - Notify affected supply chain players, int. staff, and agencies
 - Incorporate key messages in new employee orientation
- Stay current on emerging threats or risk that may affect your vulnerability.
 - Changing regulations affecting your operations
 - Changing events that stimulate new/revised controls
 - Changing perspective from your own loss experiences

Resources, Tools, Useful Links

- Crisis Mgmt in Finland Hotels
 - http://www.theseus.fi/bitstream/handle/10024/40611/Hartmann_Jana.pdf?sequence=1
- NFPA 1600, 2004 Edition
 - www.nfpa.org
- Dept. of Homeland Security
 - www.dhs.gov/dhspublic/index.jsp
- Federal Emergency Management Agency
 - www.fema.gov
- OSHA
 - www.osha.gov
- Centers for Disease Control & Prevention
 - www.cdc.gov
- American Society of Safety Engineers
 - ✓ www.asse.org
- National Safety Council
 - ✓ www.nsc.org
- US Dept. of Energy
 - ✓ www.energy.gov
- US Dept. of Health & Human Services
 - ✓ www.hhs.gov
- Environmental Protection Agency
 - ✓ www.epa.gov

Other Resources Available to Employers

- *Ready Business* resources to encourage business owners and operator to prepare for an emergency
- All *Ready Business* materials are available to download at www.ready.gov
- Selected *Ready Business* brochures are available to order by phone at 800-BE-READY
- To learn how to mentor businesses and organizations on how prepare, visit the Extension Disaster Education Network at www.EDEN.Isu.edu

