

WE KNOW

BUSINESS STRATEGY

PLANNING FOR A CRISIS

QUICK GUIDE

INTRODUCTION

An earthquake through a central city causing more than \$2 billion in damages.

A fire at a local department store resulting in 41 deaths, a company out of business and a small town devastated.

A ferry shipwrecked in atrocious conditions caused by a tropical cyclone in the entrance to a major city harbour causing 51 deaths.

A heavy snowfall shutting down much of a region for days costing millions of dollars in damages.

Every year emergencies take their toll on business and industry — in lives and dollars. But something can be done. Business and industry can limit injuries and damages and return more quickly to normal operations if they plan ahead.

No plan can be perfect. However, preparation can reduce your risks and position your business to better resist the devastating ramifications of a business interruption. This guide, and our other materials and resources, can help facilitate that process.

SAFEGUARDING YOUR INVESTMENT

You've invested significant time and resources into making your business work. You have a dedicated customer base, a good reputation for paying your suppliers and for providing goods and services quickly and efficiently.

Now imagine all you have worked to create literally goes up in flames. Or that your business is hit by a flash flood or an interior pipe breaks, leaving valuable electronics and client records ruined by water damage. If an earthquake hits, would you be able to pick up the pieces? The threat of these and other natural disasters leave you vulnerable to having all of your efforts simply 'blown away'.

Images of devastation left behind by severe weather events are difficult to ignore. Still, many people have difficulty believing it can happen to them. Every year, rivers spill their banks, high winds tear way roofs and power outages leave communities in the dark. It pays to know the risks facing your community.

Some risks are obvious, such as the threats of earthquakes and high winds in Canterbury. Did you know the central city would be at risk from a Tsunami as it is positioned below sea level? And wildfires can strike anywhere. Worse still is the prediction of escalating fire-related losses as the population increasingly moves into forested or bush areas. Weather patterns, like gusty winds and wind-driven rain from tropical storms can have an effect on communities and while Canterbury hasn't experienced damaging hurricanes, the possibility is there.

It also pays to understand the important role maintenance plays in keeping a business operating. But even the most diligent business owner can open the door to find that a burst pipe—caused by freezing weather or simply failure—has destroyed or damaged valuable inventory and the interior of the building. Disasters of all types can threaten businesses regardless of location. By following the recommendations in this guide, you can improve the chances of avoiding a closure that will cost both time and money. You will also increase the odds of staying in business should the worst happen.

SELF ASSESSMENT

Are you concerned that your normal business operations might be interrupted by a natural or human-caused disaster? Yes No Unsure

Have you determined what parts of your business need to be operational as soon as possible following a disaster, and planned how to resume those operations? Yes No Unsure

Do you have a disaster response plan in place to help assure your employees' safety and take care of yourselves until help can arrive? Yes No Unsure

Could you communicate with your employees if a disaster happened during work hours or after work hours? Yes No Unsure

Can your building withstand the impact of a natural disaster, and are your contents and inventory sufficiently protected so they will not be damaged? Yes No Unsure

Are your vital records protected from the harm that could be caused by a disaster? Yes No Unsure

Are you prepared to stay open for business if your suppliers cannot deliver, your markets are inaccessible, or basic needs (e.g. water, sewer, electricity, transportation) are unavailable? Yes No Unsure

Do you have plans to stay open for business, even if you cannot stay in or reach your primary place of business? Yes No Unsure

Have you worked with your community (public officials and other businesses) to promote disaster preparedness and plan for community recovery? Yes No Unsure

Have you consulted with an insurance professional to determine if your insurance cover is adequate to help you get back in business following a disaster? Yes No Unsure

Self-Assessment Results

Your score indicates how well prepared you are for the disruption caused by a natural or human-caused disaster.

7 – 10 Yes: You are well on your way.

4 – 6 Yes: You have lots of work to do.

1 – 3 Yes: You should get started immediately.

BUSINESS CONTINUITY PLANS

Getting started

- Create a business continuity plan to resume essential business operations.
- Evaluate the exposure of your building and contents to damage caused by natural hazard events.

What Your Plan Will Include

The business continuity plan is composed of a variety of key sections such as contact information, business operations and office setup. The information you record will help you recover your essential business functions and inform individual employees about their responsibilities.

Property Protection Plan

Our property protection checklist [available on www.cecc.org.nz] focuses on the natural hazards of wind [hurricanes, high winds, tornado/hail], flood, earthquake, freezing weather and wildfire. It covers the building structure, the building interior and exterior components and surroundings. Whether you own or lease your

building or office space, you can use the checklist as a guide to make decisions about where you will rent or buy property, and how you expect it to be maintained or improved/upgraded.

Choose Your Team

Before you proceed, decide who is responsible for the development, maintenance, updates and testing of your plans. Also, decide if you would like others to work with you.

- If you are a one-person operation or have a couple of employees, you may choose to do the plan yourself.
- If you have more than 10 employees, you may want to form a team, perhaps with representatives from each department.

Others who might help you with your plan are your accountant, a lawyer, payroll company or financial manager, human resources person or other individuals and companies that are knowledgeable about your business.

If you decide to create a business continuity plan for each department, be sure your team meets to discuss, coordinate and reach consensus on a company-wide plan. Or designate one person to review the combined plans for consistency and duplication of content. However you decide to organise your team, the most important thing you can do is to compile the necessary information. Then you can resolve any overlaps in the plan.

Select someone knowledgeable about the building characteristics to complete the property protection checklist.

How to Protect Your Assets

It is critically important to protect your base assets—your place of business, your contents and inventory, and/or your production processes—with adequate insurance.

Review your current policy with your broker. Some policies do not cover flood or earthquake damage and you may need to buy separate insurance for them. Be sure you understand your policy deductibles and limits.

Consider *business interruption* and *extra expense* insurance. Even if you have to close your doors for only a few days, the impact on your revenue and net income can be substantial. Don't assume your business will snap back to its previous revenue level as soon as you reopen.

While you are closed to customers, they will go elsewhere and they may take their time finding their way back to you again. And as your revenue decreases, you will have both on-going and new expenses. That combination can be impossible to handle without business interruption and extra expense coverage.

Your insurance broker will work with you or your accountant to estimate your projected revenues and expenses, calculate anticipated income and then determine the potential losses from a temporary closure.

Even if your basic policy covers expenses and loss of net business income, it may not cover income interruptions due to damage that occurs away from your premises, such as to your key customer or supplier or to your utility company. You can generally buy this additional coverage (contingent business interruption insurance) and add it to your existing policy.

Although insurance can help protect your assets, it alone cannot assure the post event viability of your business. Without a pre-defined plan to protect people and property, and to resume business operations in the larger community context, most organisations find it very difficult to survive a business outage.

Protecting Your Critical Resources

When you think about the impact natural or human-caused disasters can have on your business, consider your most important resources:

- **Human Resources**

If you are the sole proprietor of your business, then you obviously need to protect yourself and your customers from possible injury in the event a disaster occurs. In small and mid-sized businesses, you need to protect your employees and customers from injury on your premises. You also have to consider the possible impact a disaster will have on your employees' ability to return to work and how your customers can reach you or receive your goods and/or services.

- **Physical Resources**

Whether you own or rent the building that houses your business, you and/or your building manager should inspect the physical plant(s) and assess the impact a natural disaster would have on your facilities. If your business operates in an older building, consider having it evaluated by a professional engineer. An engineer's recommendations will help you safeguard your building from potential hazards. Keep in mind that an ideal time to make improvements is during a major addition or renovation.

Whether you are planning to remodel your existing business or build an entirely new business, make sure your plans conform to local building code requirements. These codes reflect the lessons experts have learned from past catastrophes. Contact your local building code official at the council to find out what is required for your project.

If you do not own the building that houses your business, this is still important information for you to keep in mind if you are relocating to a new business or expanding your business operations. The building's physical condition and how it will survive a natural disaster could have an impact on your ability to keep your business open following an incident.

- **Business Continuity**

Even if your business escapes a disaster unharmed and your employees are not hurt, there is still a risk that the business will suffer significantly in the form of **upstream** and **downstream** losses. When some local businesses fail, there is a chain reaction because of the negative impact on the local economy.

Upstream losses are those you will suffer when one of your suppliers is affected by the disaster and cannot deliver the goods or services your business needs. Most businesses depend on daily deliveries, such as bread to a restaurant or machine parts to a manufacturer. If the supplier's building is damaged by the disaster and he cannot keep up his pre-disaster schedule, this upstream loss will affect your firm, even if you are undamaged.

Downstream losses occur when a key customer and/or the lives of residents in your community are affected by a disaster. For example, if everyone in town is digging mud out of buildings and cleaning up debris after a flood, a theatre isn't likely to have many customers.

If supplying a component to a large factory is a major source of your firm's cash flow and that factory is closed by earthquake damage, your business will suffer a downstream loss even if it escaped unscathed from the disaster itself.

Developing Your Business Continuity Plan

A small investment of time could go a long way toward averting a serious disruption caused by a natural or human-caused disaster. Even the best-designed and well maintained buildings can be damaged, forcing a business closure. And even if a building sustains no damage, a major hurricane, earthquake or other catastrophic event can close roads, cause power outages or create other problems that force a business to close. This is why every business needs a continuity plan to get up and running as quickly as possible in the event disaster strikes.

Critical business functions are those that are crucial to your survival and to resumption of business operations.

As an employer, you want to know who to contact should any of your employees become injured or fall sick on the job. This information is equally important for notification of their families if your employees cannot leave

the workplace following a disaster. With this information, you will also be able to contact employees at all times to inform them about the status of the business operations, where to report and what to do following a disaster.

Designate 'jobs' to staff or to the recovery team, with the first person responsible for the phone list and any distribution of responsibility to fellow employees.

Since your business cannot resume operations unless employees are able to return to work, you might want to consider:

- Alternate forms of transportation for employees (e.g. carpooling)—determine if any employee has four-wheel drive or a van that could be used;
- Provision of emergency housing for displaced employees;
- Addressing immediate needs of your employees, including short-term financial aid;
- Childcare at your primary or alternate site (be sure to plan ahead with public officials to meet any regulatory requirements).

Payroll continuity is key to continued loyalty of your employees. It helps them handle disaster-related problems at home and meet their personal financial obligations. You may want to establish a companywide policy for:

- Direct deposit of pay and/or salaries for all employees;
- Overtime pay during disaster;
- One week's pay (or other amount) even if your business is not operational.

Plan ahead if you know you will have to deal with security/access issues for your primary or alternate site. If employees need badges or security clearances, be prepared to provide them. If your employees need special licenses for their work, e.g. to move or operate equipment, be sure you have a system in place to obtain or replace them.

Meet with your employees at least once a year to review emergency plans and to share information on disaster preparedness and protection at home. This can be part of your normal Health & Safety checks and drills and at new staff inductions. Find out if any of them has certification for first aid certificate, CPR or is a first aider. All of these skills could be useful in emergencies.

N.B. think about supplying employees with a wallet card detailing instructions on how to get company information in an emergency situation, including telephone numbers for easy reference.

Vendors and Suppliers

Disaster-induced operational problems are not always connected to property damage. They include disruptions in the flow of supplies and in the ability to ship those goods or deliver services.

Your ability to resume operations relies on the ability of your suppliers to deliver what you need on time.

To encourage the continuity of the supply chain, there are several things you can do:

- Be sure your principal suppliers, or alternate suppliers, are not all in the same geographical location as you
- Ensure that your pre-qualified, critical suppliers of services and materials will be available to you when you need them. This could include requesting or requiring that a critical supplier has a mutual aid agreement in place with a similar company to fulfil its commitments, should its normal business functions be interrupted.
- Establish a notification list and procedures for notification. Take care of credit checks, purchase accounts and other vendor requirements in advance so the vendor can ship replacements immediately.
- Have back-up vendors and shippers in place in case your primary ones are disabled.
- Establish relationships in advance and maintain them.
- Place periodic orders so they consider you an active customer when you need them.
- List suppliers/vendors you can use for your miscellaneous needs at a recovery location, such as office supplies, file cabinets, office furniture, etc.

Require, or encourage, your suppliers to have business continuity plans. You may want to audit them yourself to ensure they are current.

Key Contacts

Key contacts consist of those you rely on for administration of your business, such as your bank, your creditors, your insurance broker, accountant, etc.

They also include services in the community you need to help you resume operations, such as utilities, emergency responders, emergency medical help, media outlets, business partners and business organisations.

You should have a well-established liaison with local authorities, utilities and other service providers before disaster strikes. The effectiveness of this liaison may be enhanced if a business group coordinates it for multiple businesses.

Your key customers are an essential part of this list as your economic recovery depends on keeping your customers or clients, or adapting to the changed environment to establish new customers.

You need to determine:

- What happened to my customers/clients?
- Were they affected by the disaster?
- Will their buying habits change? Your product or service may be a discretionary purchase or not essential at the time.

If you cannot meet your customers' needs due to your own business interruption, or if they can easily replace your product or service elsewhere, you may lose customers or clients. This highlights the importance of communication before a disaster to build customer loyalty and to inform them about your preparedness for a disaster.

After an event, it is important to keep customers or clients informed about the status of their product or service, delivery schedules, etc., or to develop mutually agreeable alternative arrangements.

Communication

You may choose various ways to communicate with your key customers after a disaster, depending on what modes of communication are available. These include, but are not limited to: direct telephone calls; a pre-arranged 0800 number for incoming calls; e-mail; announcements by radio or through a newspaper; signage at your premises.

Whatever the cause of your business interruption, your ability to address the consequences could make the difference between survival and closure.

You need to determine the maximum length of time that your business can tolerate being down after a disaster occurs. To help get you started, the following are some key questions to ask yourself:

- What are my most critical and time-sensitive business functions?
- Which functions would I classify as highest priorities? Medium priorities? Lowest priorities?
- How much downtime can I tolerate for each business function?
- Which business functions are necessary to fulfil my legal and financial obligations and to maintain cash flow?
- Which business functions are essential to maintain my market share and reputation, or to strategically adjust to changed circumstances?

Some time-sensitive and critical business functions:

Administrative functions:

- Recovery location set-up
- Payroll
- Insurance claims (filing your claim, following up). Keep your insurance company details off-site as well as at the place of work

- Regulatory requirements (e.g. time-sensitive reports)
- Debt obligations (bills due)
- Accounts receivable
- Communications
 - Internal (e.g. with employees and Board of Directors)
 - External (e.g. with suppliers/vendors and key contacts such as media, customers)

What is your core business?

What are the time sensitive and critical business functions that are specific to your business?

Another way to think about your key business functions is to ask yourself, "What if I lose or do not have access to my. . ."

- Business/buildings
- Contents/inventory
- People (employees, customers/clients)
- Vital records
- Equipment
- Utilities
- Support systems (computers/networks, communications, transportation)
- Suppliers

What would be the consequences of the loss of any of these resources? What are your alternatives to help you remain viable?

Recovery Location

Ask yourself whether you could recover from an alternate site, or even out of your home temporarily, establish a mutual aid agreement with a similar business, or rent available space at another location if your business location is unusable or inaccessible.

Do you have other facilities or branch offices where you could resume some or all of your operations?

What arrangements will you have to make ahead of time to utilize one or more of these locations?

If you are location dependent, do you plan on resuming operations as soon as possible from your primary site?

As you select your recovery location:

- Consider a site that is not on the same electric power grid if possible.
- Factor in the ability of your vendors/suppliers or rental companies to quickly transport critical items such as computers, inventory and equipment to your recovery location.
- Keep an extra of any hard-to-replace parts or essential supplies on hand, and consider storing them in a place that is not vulnerable to the same disaster as your primary business.
- Work with vendors/suppliers in advance to assure a secure and adequate supply of what you will need.

If you hope to retrieve items from or recover at your primary location, plan ahead for any special security/access control procedures, such as badging. Leave keys and alarm code(s) with a trusted employee or friend, in case you may not be able to get to your business quickly after an emergency.

If your business site suffers damage, you may need to contact an industrial clean-up service and/or a security service to protect your property. Be sure to consult with your insurance agent about proper steps and documentation requirements.

If you rent your primary location space, review your lease for disaster provisions, including who is responsible for what in case of damage from a natural disaster. You may want to add a clause that allows you to get out of the lease in 30, 60 or 90 days if damage is not repaired satisfactorily to the leased property or to adjoining properties on which you count to bring business to you.

Note: If you have not secured a recovery location at the time you are starting to develop this business continuity plan, continue on with the planning process. You can still select which staff will be assigned to the

recovery location and which business functions will be performed there, and then when you have finalised all arrangements for the recovery site, choose the location.

Vital Records

Your business cannot operate without its vital records and critical information. The following questions may help you determine what records need to be backed up on one or more 'media' and maintained off site and/or in storage:

- Is the record required for business success?
- Is it required for legal reasons?
- Is it required by a regulatory agency?
- Is it required to support recovery efforts?

If you answered YES to any of the above, then answer the following:

- Is it impossible to re-create?
- Are copies unavailable at a remote location?

If you answered YES to either one of the last two questions, consider the record vital. It should be duplicated and included in recovery inventories.

If you answered NO to all of the above, then the record is not considered vital and it is not necessary to include it in recovery inventories.

Examples of vital records include employee data, payroll, financial records, strategic plans, production records, customer/client/patient lists, inventory lists, building plans/blueprints, the lease, insurance records, and research data. You can determine which of these records are necessary to continue performing the critical business functions you have identified.

You will likely identify other vital records that are particularly critical to your business' survival. Store a copy of all vital information on site and a second in a safe off-site location (some experts recommend at least 50 miles away).

Make it a critical part of your routine to regularly back up your vital records and other information upon which your company's success depends. Keep your inventory list current and make a photographic or video record of your inventory.

You should list all critical phone and fax lines, enter what each is used for, and think about whether it is essential that this number be continuously available. Then, select a solution for how to keep the number operational or decide on an alternative to meet the need. Consider listing all these critical numbers in your mobile phone or Personal Digital Assistant (PDA) so you have them readily available.

Be sure also to inform your employees of any changed procedures.

Critical Communications

Seamless communications with your employees, suppliers/vendors, key contacts and customers following a disaster is important to your survival and continuing viability. Telephone and fax lines are one means of maintaining this communication link.

INFORMATION

Your employees will want to get updated information about when and where they should report to work and the status of recovery. You could set up a special number for them to call to receive instructions by way of recorded message. You could also enlist the help of a contact person/company for employees to leave an "I'm okay" message and their contact information.

You also will need these phone and fax numbers so you can communicate with your suppliers/vendors, key contacts and customers, to keep them informed about your status and future plans. One solution is to plan

ahead to have your telecommunications service provider reroute your telephone and fax numbers to your recovery site.

If you need a phone number for dial-up internet and e-mail access, be sure to include that.

Also think about alternative forms of communication should phones not be working, especially to keep in touch with your employees. In anticipation of a break in all phone service, including cell phones, you might invest in some simple two-way radios and pagers.

Another alternative is to have designated people meet at a prearranged location, assuming it is accessible.

Critical Supplies

Critical supplies include items that are necessary to keep equipment or work processes functioning, e.g. special fluid for a machine, forms, and checks. Be sure to list all information that is pertinent to order each supply, such as an order number.

Plan ahead with your vendors to determine costs and delivery times for these essential items and parts. Include sufficient space at your recovery site for storage.

In addition, consider storing some essential supplies (particularly those items needed to fulfil a critical business function) in an accessible place outside your building in case you need them immediately and cannot re-enter your building after evacuating it.

Note: Do not include office supplies, e.g. paper, mail bins, filing cabinets and other items needed for a recovery location.

You should explore rental options to replace damaged equipment or machinery during the time it is being repaired or replaced and request written estimates of rental, set-up, shipping costs and delivery times. This is particularly important if you rely on equipment that is highly specialised or difficult to replace.

Don't forget your cars/trucks. Plan to protect them, but also have alternate plans to meet your essential transportation needs.

Consider special protection for key tools or small equipment, such as storage in foam-padded containers when not in use, preventing damage by accident or during an earthquake. Additional protection for larger valuable, hard-to-replace equipment or machinery is also advisable.

Check your contents insurance to determine whether it covers the replacement cost of critical equipment or machinery.

Computer equipment and software

Business interruption—the result of a natural disaster, power outage, cyber-crime, or any other cause—can be devastating. Without access to data and information, business operations can come to a standstill. You might want to consider the services of a data centre or business IT service, where your data is backed up on a regular basis and available to you if your normal business operations are interrupted.

Most businesses are dependent on computers, utilising desktop and laptop computers and computer networks. Most communicate with or conduct business with their vendors, customers, partners and clients through the internet. E-business is a rapidly growing segment of the economy. If your company does the majority of its work online, be sure your computer security is current including website backups.

If you go to a recovery location, it is likely you will need to lease or purchase computer equipment and replace your software.

When there is sufficient warning about an event, such as a hurricane, you might decide to move some of your computer equipment and software to a safe place so that it can be utilised at your recovery location. In

addition, you could require that all employees take their laptops with them, in order to provide the option to work from home or at a recovery location.

Some disasters occur without warning, though, so you want to be sure you have alternatives available.

Other reminders:

- Consider using a business IT service to manage your data offsite.
- Keep a backup copy of your computer's basic operating system, boot files, and critical software, and be sure you have copies of your operations manuals.
- Maintain an up-to-date copy of computer and Internet logon codes and passwords.
- Make arrangements with computer vendors to quickly replace damaged vital hardware and software, and/or to coordinate the set-up of hardware and software at your recovery location.
- Request written estimates for rental or purchase of equipment, shipping costs and delivery times, if relevant. Be sure to list these companies in your suppliers/vendors form as either primary or alternate vendors.
- Elevate computer equipment normally stored on the floor, e.g. CPUs, and secure in place when flooding is a possibility.

Remember that you should always keep your computer hardware and software licenses up-to-date.

Do your employees know about your emergency plans?

Meet with your employees at least once a year to review emergency plans. Make sure they know how to evacuate the building safely in an emergency and how to protect themselves and your customers in case of an earthquake or other disaster. Consider providing First Aid, CPR and other emergency training for your employees.

Also do mock disaster drills. In addition to ensuring that employees know how to safely evacuate the building, make sure they know where to meet, who to report to, when to leave the designated meeting place, and how or where to make contact should they fail to get to the meeting place. List emergency phone numbers such as fire department, police department, ambulance service, and emergency management agency in a highly visible place, such as in the company or employee induction manual and on posters/noticeboards.

Are your employees prepared at home?

Your employees are your most important asset. However, they will not be able to return to work to help your business resume operations unless their family needs have been met. Encourage employees to develop and exercise family disaster preparedness plans.

Provide information to employees on how to protect their property and contents/possessions. Be aware that some employees may have civil defence or volunteer fire brigade /ambulance responsibilities which may prevent them from getting to work.

Security

Security for your business should be built in layers, it should be appropriate for the location and type of business and it should be in the form of a written plan.

Protecting your business can be one action, such as putting the entire company under a 20-foot concrete bunker. This may have its place, but wouldn't typically be the best strategy.

Think about using layers of protection. This means using many smaller actions that taken together provide adequate security for the business being protected. Depending on the reasons or the skills of someone attempting to enter your business, multiple barriers may cause them to give up or slow them down so they are caught before they can infiltrate and cause damage or carry out any other plans.

Each business has unique risks that the vulnerability assessment will define and the security plan will take into account. Manufacturing or service industry, office building, malls, warehouse or even home-based businesses all have security needs. No-one is going to tell you what to do. What you need to do and what you will do will

be determined by you and the examination of your specific risks, threat potential or likelihood and resources available.

ESTABLISH A PLANNING TEAM

There must be an individual or group in charge of developing the emergency management plan. Below is a list of essential points you will need to think about when establishing a planning team.

The planning team usually involves a group of people because:

- It encourages participation and gets more people invested in the process.
- It increases the total amount of time and energy participants are able to give.
- It enhances the visibility and stature of the planning process.
- It provides for a broad perspective on the issues.

Determine who can be an active member and who can serve in an advisory capacity. In most cases, one or two people will be doing the bulk of the work. At the very least, you should obtain input from all functional areas.

Remember:

- Upper management
- Line management
- Human Resources
- Engineering and maintenance
- Safety, health and environmental affairs
- Communications and media
- Security
- Sales and marketing
- Legal
- Finance and purchasing
- Community authorities
- Employees

Have participants appointed in writing by upper management if it is appropriate. Their job descriptions could also reflect this assignment.

Review Internal Plans and Policies

Documents to look for include:

- Evacuation plan
- Fire protection plan
- Safety and health program
- Environmental policies
- Security procedures
- Financial plan
- Insurance programs
- Finance and purchasing procedures
- Plant closing policy
- Employee manuals
- Hazardous materials plan
- Process safety assessment
- Risk management plan

Meet with Outside Groups

Meet with government agencies, community organisations and utilities. Ask about potential emergencies and about plans and available resources for responding to them. Sources of information include:

- Civil Defence or your local community emergency management office
- Local City Councils
- Fire Service

- Police
- Emergency medical services organisations
- NZ Red Cross
- Mayor's office
- Telephone companies
- Electric utilities
- National weather service
- Neighbouring businesses

Identify Critical Products, Services and Operations

You'll need this information to assess the impact of potential emergencies and to determine the need for backup systems. Areas to review include:

- Company products and services and the facilities and equipment needed to produce them
- Products and services provided by suppliers, especially sole source vendors
- Lifeline services such as electrical power, water, sewer, gas, telecommunications and transportation
- Operations, equipment and personnel vital to the continued functioning of the business

One way to increase response capabilities is to identify employee skills (medical, engineering, communications, foreign language) that might be needed in an emergency.

Identify Internal Resources and Capabilities

Resources and capabilities that could be needed in an emergency include:

- Personnel — fire brigade, hazardous materials response team, emergency medical services, security, emergency management group, evacuation team, public information officer
- Equipment — fire protection and suppression equipment, communications equipment, first aid supplies, emergency supplies, warning systems, emergency power equipment, decontamination equipment
- Facilities — emergency operating centre, media briefing area, shelter areas, first-aid stations, sanitation facilities
- Organizational capabilities — training, evacuation plan, employee support system
- Backup systems — arrangements with other facilities to provide for:
 - Payroll
 - Communications
 - Production
 - Customer services
 - Shipping and receiving
 - Information systems support
 - Emergency power
 - Recovery support

Identify External Resources

There are many external resources that could be needed in an emergency. In some cases, formal agreements may be necessary to define the businesses' relationship with the following:

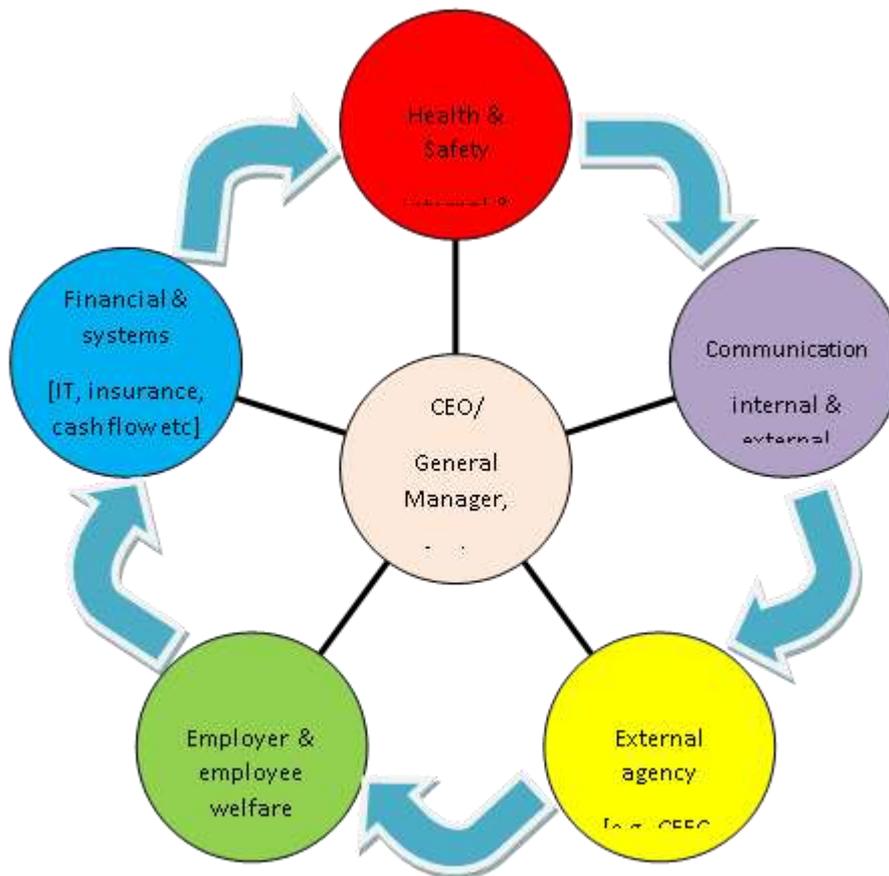
- Local emergency management office
- Fire service
- Hazardous materials response organisation
- Emergency medical services
- Hospitals
- Local police
- Community service organisations
- Utilities
- Contractors
- Suppliers of emergency
- Insurance carriers

Conduct an Insurance Review

Meet with insurance companies or brokers to review all policies.

EXAMPLE OF A PLANNING TEAM

Each Planning team needs to cover all functional areas that could be impacted following a crisis and an outside agency for objective advisory.



Assessing how vulnerable you are

The next step is to assess the vulnerability of your organisation — the probability and potential impact of each emergency. Consider assigning probabilities, estimating impact and assessing resources.

List Potential Emergencies

Consider all emergencies that could affect your business, including those identified by your local emergency management office. Consider both:

- Emergencies that could occur within your organisation
- Emergencies that could occur in your community

Below are some other factors to consider.

Historical — what types of emergencies have occurred in the community, at this organisation and at other businesses in the area?

- Fires
- Severe weather
- Hazardous material spills
- Transportation accidents

- Earthquakes
- Hurricanes
- Tornadoes
- Terrorism
- Utility outages

Geographic — what can happen as a result of your organisation's location? Keep in mind:

- Proximity to rivers, flood plains, seismic faults and dams
- Proximity to companies that produce, store, use or transport hazardous materials
- Proximity to major transportation routes and airports
- Proximity to electrical power plants

Technological — what could result from a process or system failure? Possibilities include:

- Fire, explosion, hazardous materials incident
- Safety system failure
- Telecommunications failure
- Computer system failure
- Power failure
- Heating/cooling system failure
- Emergency notification system failure

Human Error — what emergencies can be caused by employee error?

Are employees trained to work safely?

Do they know what to do in an emergency?

Human error is the single largest cause of workplace emergencies and can result from:

- Poor training
- Poor maintenance
- Carelessness and fatigue
- Misconduct
- Substance abuse

Physical — what types of emergencies could result from the design or construction of the business? Does the physical business enhance safety?

Consider:

- The physical construction of the business
- Hazardous processes or by-products
- Facilities for storing combustibles
- Layout of equipment
- Lighting
- Evacuation routes and exits
- Proximity of shelter areas

Regulatory — what emergencies or hazards are you regulated to deal with? Analyse each potential emergency from beginning to end. Consider what could happen as a result of:

- Prohibited access to the building
- Loss of electric power
- Communication lines down
- Ruptured gas mains
- Water damage
- Smoke damage
- Structural damage
- Air or water contamination
- Explosion
- Building collapse
- Trapped persons
- Chemical release

Consider the potential property impact

Consider the potential costs for losses and damages such as:

- Cost to replace
- Cost to set up temporary replacement
- Cost to repair

Consider the potential business impact

Consider the potential loss of market share and the impact of:

- Business interruption
- Employees unable to report to work
- Customers unable to reach business
- Company in violation of contractual agreements
- Imposition of fines and penalties or legal costs
- Interruption of critical supplies
- Interruption of product distribution

Assess Internal and External Resources

Next assess your resources and ability to respond consider each potential emergency from beginning to end and each resource that would be needed to respond. For each emergency ask these questions:

- Do we have the needed resources and capabilities to respond?
- Will external resources be able to respond to us for this emergency as quickly as we may need them, or will they have other priority areas to serve?

If the answers are no, identify what can be done to correct the problem. For example, you may need to:

- Develop additional emergency procedures
- Conduct additional training
- Acquire additional equipment
- Establish mutual aid agreements
- Establish agreements with specialized contractors

Documenting your plan

Your plan should include the following basic components.

Executive Summary

The executive summary gives management a brief overview of:

- The purpose of the plan
- The business' emergency management policy
- Authorities and responsibilities of key personnel
- The types of emergencies that could occur
- Where response operations will be managed
- Emergency management elements

This section of the plan briefly describes the business' approach to the core elements of emergency management, which are:

- Direction and control
- Communications
- Life safety
- Property protection
- Community outreach
- Recovery and restoration
- Administration and logistics

These elements are the foundation for the emergency procedures that your business will follow to protect personnel and equipment and resume operations.

Emergency Response Procedures

The procedures spell out how the business will respond to emergencies. Whenever possible, develop them as a series of checklists that can be quickly accessed by senior management, department heads, response personnel and employees. Determine what actions would be necessary to:

- Assess the situation
- Protect employees, customers, visitors, equipment, vital records and other assets, particularly during the first three days
- Get the business back up and running

Specific procedures might be needed for any number of situations such as bomb threats or extreme weather, and for such functions as:

- Warning employees and customers
- Communicating with personnel and community responders
- Conducting an evacuation and accounting for all persons in the business
- Managing response activities
- Activating and operating an emergency operations centre
- Fighting fires
- Shutting down operations
- Protecting vital records
- Restoring operations

Support Documents

Documents that could be needed in an emergency include:

Emergency call lists — lists of all persons on and off site who would be involved in responding to an emergency, their responsibilities and their 24- hour telephone numbers

As a building owner you should consider: **Building and site maps** that indicate:

- Utility shutoffs
- Water hydrants
- Water main valves
- Water lines
- Gas main valves
- Gas lines
- Electrical cut offs
- Electrical substations
- Storm drains
- Sewer lines
- Location of each building [include name of building, street name and number]
- Floor plans
- Alarms and security
- Fire extinguishers
- Fire suppression systems
- Exits
- Stairways
- Designated escape routes
- Restricted areas
- Hazardous materials (including cleaning supplies and chemicals)
- High-value items

Resource lists — lists of major resources (equipment, supplies, services) that could be needed in an emergency; mutual aid agreements with other companies and government agencies

Identify Challenges and Prioritise Activities

Determine specific goals and milestones. Make a list of tasks to be performed, by whom and when. Determine how you will address the problem areas and resource shortfalls that were identified in the vulnerability analysis.

Write the plan by assigning each member of the planning group a section to write.

Determine the most appropriate format for each section.

Establish an aggressive timeline with specific goals. Provide enough time for completion of work, but not so much as to allow assignments to linger.

Establish a Training Schedule

Have one person or department responsible for developing a training schedule for your organisation.

Coordinate with outside organisations meet periodically with local government agencies and community organisations. Inform appropriate government agencies that you are creating an emergency management plan. While their official approval may not be required, they will likely have valuable insights and information to offer.

Determine national and local requirements for reporting emergencies, and incorporate them into your procedures. Determine protocols for turning control of a response over to outside agencies. Some details that may need to be worked out are:

- Which gate or entrance will responding units use?
- Where and to whom will they report?
- How will they be identified?
- How will business personnel communicate with outside responders?
- Who will be in charge of response activities?

Determine what kind of identification authorities will require to allow your key personnel into your business during an emergency.

SUMMARY

While this may seem like an excessive planning process, but if all of this is in place effectively, when a disaster of any nature occurs you will have the framework to maintain your business as usual.
